TOKYO GAZETTE

A MONTHLY REPORT OF CURRENT POLICIES, OFFICIAL STATEMENTS AND STATISTICS

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The TOKYO GAZETTE is published monthly by the Foreign Affairs Association of Japan under the supervision of the Bureau of Information, Prime Minister's Department. Its purpose is primarily to supply information concerning the nature of problems being confronted today by the Japanese nation as a whole, and of the governmental steps being taken to solve these problems.

The material in the TOKYO GAZETTE is selected mainly from the *Weekly Report*, edited by the Bureau of Information. The accuracy and comprehensiveness of data presented in the *Report* are fully established. For the benefit of students of Japanese affairs, the TOKYO GAZETTE is endeavouring to maintain these qualities in the hope that its publication will eliminate unfortunate misunderstandings and thus contribute to world peace and international goodwill.

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CONVERTED RADICALS IN THE CURRENT EMERGENCY

DEPARTMENT OF JUSTICE

ENOUGH has been said concerning the true significance of the China Affair in which the attempt is being made to save the Chinese people from the evils of Communism and to emancipate them from the oppressive rule of war lords. More important is the question as to whether the Japanese people have actually been facing the emergency with an intelligent understanding of this great purpose, for this has greatly to do with success or failure in settling the Affair and gaining the desired end.

Viewed in this light, the guidance of ideational trends in the life of the nation assumes an importance almost equal with the actions on the China front. The National Spiritual Mobilization Movement was doubtless prompted by such considerations.

At this time of emergency, the attention of the public has been called to movements of ideational offenders who were once champions of defeatism and the principle of non-intervention in Chinese affairs and who publicly upheld the claim of Soviet Russia as the fatherland of the workers of the world. Far from taking anti-nationalistic positions, however, the greater part of some 60,000 radical offenders have taken the lead, with the outbreak of the Affair, in comprehending its significance and in offering themselves in atonement for what they have done in the past. This has been a source of satisfaction to those who have endeavoured to lead them back to their original loyalty.

Their conversion has not been brought about suddenly through the impetus of the present hostilities, but through a process of constant guidance and protection for several years on the part of judicial authorities. A critical attitude toward Communism and a realization of its errors have been witnessed inside their circles since about 1930. Consequently, the authorities have seized every opportunity to lead their thinking, in cooperation with private institutions working for the protection of offenders, to press them a step forward toward a consciousness of the Japanese spirit and at the same time to guide and assist in their economic life, thus endeavouring to bring them back into the glorious membership of the Japanese nation.

In the meantime, the Law Concerning Protection and Observation

of Ideational Offenders, an initial attempt in enacting legally the protective measures entrusted, up to that time, entirely to private institutions, which came into force in October 1936, has functioned efficiently, facilitating the endeavours of officials in charge in co-operation with leaders in all sections of society to promote conversion of radicals. The offenders themselves have not sat idle under the protection of the law. With hearts filled with the highest emotion at the thought of the gracious Imperial Will manifested in this system of protecting such offenders as themselves, they have striven to reconstruct and complete their thought life while collaborating in the operation of the system. They have not only liquidated their past but have offered themselves for anti-Conmmunist activities to guard students and young people at large from falling into the same errors as themselves.

Conversion in the case of radical offenders, viewed according to its motives and to the process of its development, is not a mere external change or an attitude of shirking from facing the issue caused by external forces but an essential ideological change born out of internal contradictions existing in the Communist movement itself. Briefly, their conversion has been effected through the following process: they are first confronted with the theoretical bankruptcy of Communism as the result of failures experienced in the course of the actual practice of its principles; secondly, they are made aware of the incompatibility of such principles with the ideal and traditions of the Japanese people and with the peculiar character of Japanese society; lastly, they are awakened, in consequence, to the consciousness of being Japanese. Hence the conversion is not pretence as many people seem to believe. Those converted are second to none in the definite and clear consciousness of being Japanese; they have perfectly grasped the ideal and spirit upon which the Japanese Empire has been founded and the peculiar character of its national life and history. Conversion in their case, therefore, means their restoration to the life and sentiment of true Japanese.

Such being the nature and process of the conversion of those ideational offenders, it is only natural that they should, under the present emergency, rise to the occasion and be active in the front line of the patriotic movement. In reality, the radicals called to the colours have rendered distinguished services on the China front and those at home have energetically undertaken behind-the-line activities in all phases of national life. That even former Communists are sharing the national burdens at a time of emergency is unexampled in history. It indicates the highest quality of national cohesion existing in the life of the Japanese people. The following is a de-

scription of what radical offenders have been doing since the outbreak of the Affair.

Contributing Funds and Supporting Those Called Up

In July, 1937, immediately following the outbreak of the hostilities, conferences of ideational offenders to freely exchange views on the emergency were held under the auspices of twenty-one Institutes for Protection and Observation of Ideational Offenders throughout the country. The conferences supported the Government in its policies toward China and upheld the action of the Imperial Army on the Asiatic Continent, resolving that all converts should take active part in all the movements on the China or the home front and that by so doing they should try to complete their restoration to social life in concrete terms. Their first step in that direction was to launch a defence fund campaign, which met with enthusiastic response among fellow converts, as in the case of one convert, who, working as a day-labourer, offered a day's wages. Another who had been returned to society as a small farmer contributed 50 sen which he saved by dispensing with meals. In a certain district converted radicals all of whom were in needy circumstances raised 846 yen toward the aeroplane construction fund, with the appreciative cooperation of the community. These activities on the part of offenders were witnessed in the early days of the current emergency. With the aggravation and prolongation of the Affair, however, their activities have become more energetic and large scaled; going beyond their own circles they have made public canvass throughout the country for defence and other patriotic funds.

As many of the converts happened to be called to the colours, the privilege of those who once stood against their country being given an opportunity to serve as trusted soldiers of the Imperial Army was an enjoyment shared by all converted radicals. In various parts of the country they organized associations for supporting those called up, for the purpose of eliminating any concerns of the former for their homes and of cooperating with other home-front organizations. The main objectives of these associations have been to give enthusiastic send-offs to those called up, to protect their families, and to work for mutual encouragement and connections between the associations themselves in carrying out their activities. Expenses for these activities have been provided by the subscriptions of the members who are all converted radicals.

The advisability of having separate, special organizations for converted radicals by themselves was first questioned. It has, however,

been thought necessary for their restoration to social life to let them exercise self-restraint and self-discipline in terms of solidarity, in view of the collective nature of ideational movements in which they had once participated. For this work all the converts throughout the country have been mobilized, giving rise to many emotional scenes in connection with the activities for those called up and their families. Of those called up five have been killed in action. The manner in which Mr. Katsuhiko Sogi, formerly a noted leader of the Communists, died in action in October, 1937, while advancing with a vanguard unit on the North China front has not only inspired his fellow converts at home but is related with pride by that unit. The sincere, burning desire to atone for serious errors they have committed in the past has aroused in the hearts of all converted radicals a heroic fighting spirit.

Participating in National Spiritual Mobilization

Since the launching of the National Spiritual Mobilization Movement by the Government, all behind-the-line activities of the converts have become unified and carried out along one line, in accordance with the instruction issued by the Federation of Judicial Protective Institutions of Japan. Consequently, the holding of lecture meetings and conferences, the issuing of pamphlets, and other appropriate activities have been carried out by them, emphasizing the necessity of grasping rightly the significance of the China Affair and of doing one's share in successfully conducting national spiritual mobilization.

Since the basic purpose of national spiritual mobilization lies in having every member of the nation participate in executing important national policies, past experiences of the converted radicals prove to be of value in bringing this home to the minds of the masses and also in indicating the direction of national policies. In particular, since the China Affair has special significance and character as a war against Communism, the fact that former ideational offenders, having awakened to the mission of the Japanese people, have participated in the patriotic movement has a far-reaching effect.

The sending of a mission to comfort soldiers at the front has been one step in emphasizing the participation of former radicals in the Spiritual Mobilization Movement. The purpose of the mission can be made clear by the following considerations :

1. Through the visit of converted radicals, the men at the front may learn of the united stand and decision of the entire nation for the thoroughgoing settlement of the Affair.

2. The fact that they have sent their representatives on such a mission may work for the promotion of the home-front activities of the converts.

3. Inspiration received by the mission on the China front may be transmitted to the home front for the promotion and consolidation of national defence.

The mission was divided into two groups, one going to North China and one to Shanghai. The former group, with five members under the leadership of Yoshio Nakamura of the Tokyo Institute for Protection and Observation of Ideational Offenders, left Tokyo on October 24, 1937, and visited the North China front, including the very front lines. The latter group, with four members under the leadership of Katsukiyo Adachi, director of the Osaka Institute, left Kobe on November 7th and visited the front in the Shanghai districts as well as the Japanese fleet there. These two groups, on returning from the two fronts, held lecture and small-group meetings, telling fellow converts what they saw and how they were impressed at the front and at the same time explaining to the public what the Imperial Army was doing in China in laying corner stones for the real peace of the Orient. Their zeal based upon their personal experiences made a strong impression upon the minds of the masses, not to mention their fellow converts.

Participation of individual converts in the Spiritual Mobilization Movement has been manifested steadily through their activity in the welfare movement, some in cities and others in rural districts. Organization of the National Emergency Committee of Ideational Offenders deserves mention here. This committee was formed on November 5, 1937 at a conference of converts representing all parts of the country who attended an emergency training course held under the auspices of the Japan Cultural Society. These are the men who had dealt a blow to the power of the Comintern by severing relations with the Communist movement.

In organizing their committee, they took a step forward in the aggressive fight against the Third International. It is interesting to recall that on the very next day the conclusion of the Agreement between Japan, Germany and Italy against the Comintern was publicly announced. The purpose of the committee is to perfect the participation of converted radicals in the Spiritual Mobilization Movement by effecting unity between converted radicals in their autonomous activities and by cooperating with governmental and private institutions for protection and observation of ideational offenders, in accordance with the basic principles laid down by the All Japan Federation of Judicial Protection Agencies. In this

manner, the patriotic activities of former radicals have been coordinated not only for participation in the Spiritual Mobilization Movement and consolidation of the home front but also for cooperation in the reconstruction work of North China. These activities will be strengthened, expanded in scope and adjusted to new developments in the situation.

Results of Endeavours

That the endeavours of the authorities and collaboration of leading converts have born fruit has already been made apparent. To make the story complete, the practical results of these endeavours are summarized below.

1. *Agrarian converts.* Converts from rural communities are prepared to devote themselves to the cause of agrarian regeneration, in view of the inseparability of the agrarian welfare movement from the completion of their own restoration to membership in the Japanese nation. For their guidance, a training course in emergency measures for agrarian communities was held in Tokyo in December, 1937, and one for agrarian welfare movement leaders was held in Mie Prefecture in March, 1938. Those who received training in each case returned home to share their knowledge with their fellow converts. Consequently, the new information was studied by all converts and either carried out by them in forms adapted to special local conditions or developed into new measures for improving their communities. One village in Chiba Prefecture has actually achieved economic regeneration through the united labours of converted radicals, giving inspiration to fellow converts in different parts of the country labouring toward the same objective.

2. *Intellectual converts.* Serving the country through knowledge is the basic principle of this group. Through its endeavours, the Institute for Study of National Culture was established in Tokyo in January, 1938. The purpose of the institute is to conduct various studies and investigations along the lines of national policies, viewed with the State as the centre of all activity.

For this purpose the institute is planning to mobilize the expert knowledge and specialized abilities of the converts so that they may work in perfect coordination and full efficiency for the construction of the new Japanese culture.

3. *Working class converts.* In order to meet the national demands for augmentation of productivity, these converts are preparing themselves for work in training institutes for workers in heavy industries, such as the Training Institute for Metal Workers, where many of the converts are training junior workers while improving

themselves through the method of mutual study and discipline. Such training centres have been found most valuable ; the establishment of more institutions of like nature is strongly recommended by them.

4. *Converts engaging in middle- and small-scale commercial and industrial enterprises.* These converts are working hard for the successful operation of their enterprises while practising mutual help and encouragement by holding study groups on such subjects as business and factory management. Many experts have, from time to time, assisted them by giving lectures and guidance, which have proved successful.

5. *The mission sent to the men at the front.* The reports of the members of the mission on their return home, as has already been stated, have brought home to the minds of the converts the true significance of the China Affair. China, a country which was construed as constituting the best illustration of the Communist theory of emancipation of colonies has now been found to be a victim of the Far Eastern policy of the Soviet Union, and the Japanese Army has accordingly been understood to be playing the role of saving the Chinese people, in the face of serious difficulties, from the political evils of feudalistic militarism and from economic invasion of the Soviet Union and other Powers. This spirit of altruism, a manifestation of the national ideal of " the whole world as one family," has inspired many converted radicals to offer themselves for the great task of assisting in constructing the new China. Some of them are serving as members of the Enlightenment and Rehabilitation Corps and others are volunteering in the same work of peace—all with hearts filled with grateful emotion at the thought of being permitted to live and die under the Rising Sun flag instead of the Red flag, as they expressed their feeling when they were leaving the country.

No Ideational Insecurity

In carrying out the strategy of prolonged resistance, it is reported, General Chiang Kai-shek has expected Japan to suffer from the aggravation of internal conflicts. This expectation, however, has proved and will prove a failure, since even radical offenders, who had been objects of deep concern, have not only stood firmly for the national cause but also have started anti-Communist activities most energetically, defending their juniors, students and workers from falling into the same errors they once committed. It can be stated with conviction and triumph that there is no ideational insecurity in Japan under the current emergency.

THE BATTLE OF HSUCHOW

PRESS SECTION, WAR DEPARTMENT

The General Situation

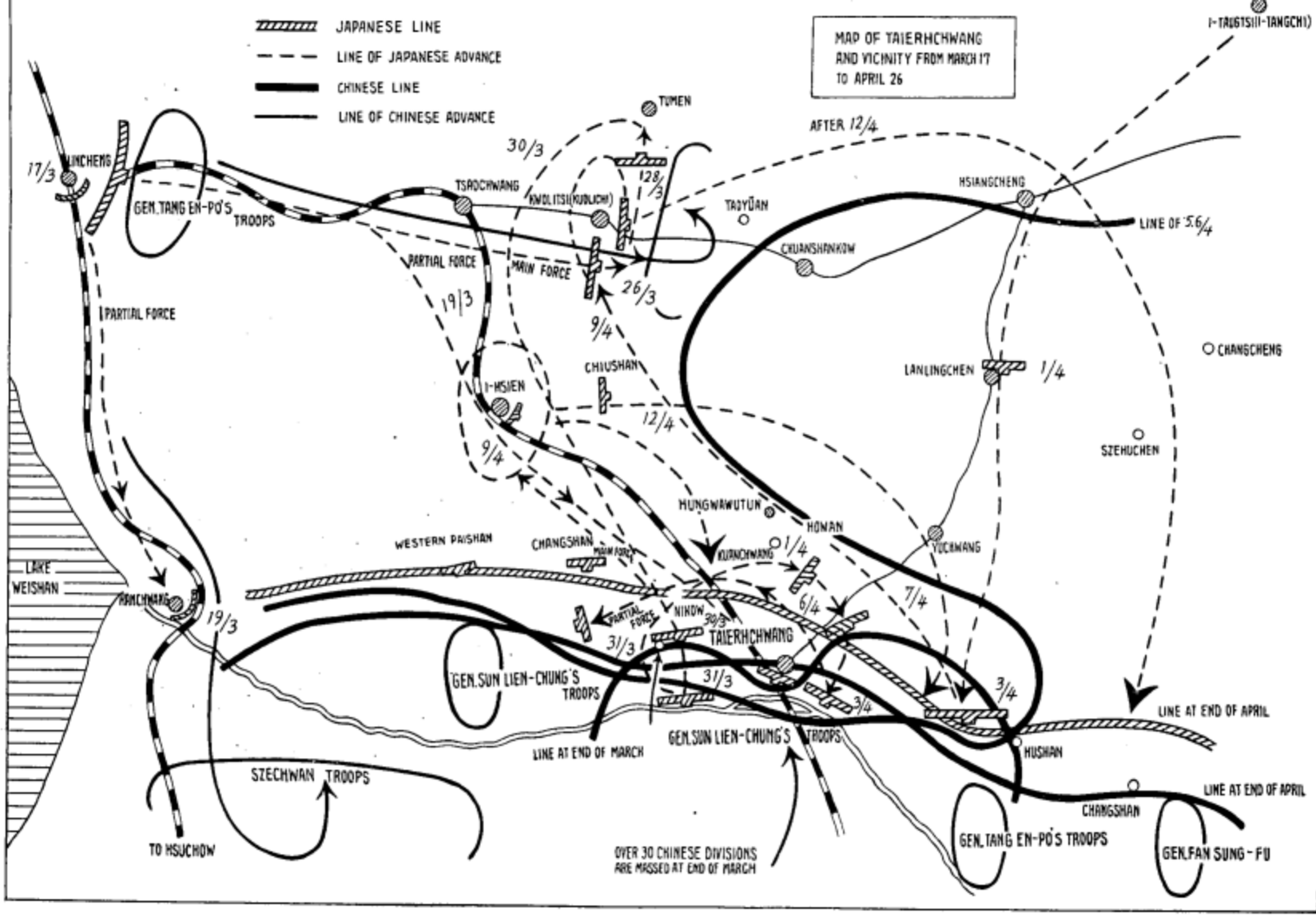
WITH the loss of Nanking and and vast territory north of the Yellow River, General Chiang Kai-shek concentrated a large force along the Lung-Hai Railway with Hsuchow as centre, and reinforced the defence works there. By mobilizing the press, his régime emphasized the vital importance of the imminent Hsuchow battle and seized every opportunity to create the false impression abroad that the situation along the Lung-Hai Railway was developing in favour of China.

These are the facts.

Part of the Japanese northern forces drove south along the northern section of the Tientsin-Pukow Railway late in March. To meet them, General Chiang Kai-shek concentrated as many as 40 divisions of Chinese troops in southern Shantung and northern Kiangsu by the end of April. The Japanese northern force pushing south successfully carried out its mission by luring as many Chinese troops as possible to the Taierhchwang sector and keeping them there during the completion of the Japanese encircling movement round Hsuchow.

While this Japanese northern force, numerically far inferior to the Chinese troops, was giving full play to its inner operation tactics, by harassing the enemy here one day and dealing a heavy blow to it there the next day, the Chinese let loose world-wide propaganda, representing the situation in southern Shantung Province as developing in their favour and resulting in a miserable failure for the Japanese. At that time, an impression apparently prevailed in some foreign countries that the Chinese forces were winning in the Taierhchwang sector.

The Japanese military authorities, however, deliberately kept silent to let the Chinese become intoxicated with their illusory victory. Meanwhile, full preparations for encircling Hsuchow had been carried on steadily, although information concerning them was withheld from publication for obvious reasons. Now that the Hsuchow battle has ended in an overwhelming victory for Japan, full light may be shed on the Japanese preparations for the encounter.


JAPANESE LINE
LINE OF JAPANESE ADVANCE
CHINESE LINE
LINE OF CHINESE ADVANCE
MAP OF TAIERHCHWANG AND VICINITY FROM MARCH 17 TO APRIL 26
I-TAO TSUI (I-TANGCHI)
TUMEN
AFTER 12/4
30/3
128/3
17/3
LINCHENG
GEN. TANG EN-PO'S TROOPS
TSAOCHWANG
KWOLITSI (KUOLICHI)
TAOYUAN
HSIANGCHENG
LINE OF 5.6/4
CHUANSHANKOW
PARTIAL FORCE
MAIN FORCE
19/3
26/3
9/4
CHANGCHENG
CHIUSHAN
LANLINGCHEN
1/4
I-HSIEN
12/4
SZEHUCHEN
HUNGWAWUTUN
HONAN
WESTERN PAISHAN
CHANGSHAN
MAIN FORCE
KUANCHWANG
1/4
YUCHWANG
LAKE WEISHAN
PANCHWANG
6/4
7/4
PARTIAL FORCE
NIKOW
30/3
31/3
TAIERHCHWANG
GEN. SUN LIEN-CHUNG'S TROOPS
3/4
LINE AT END OF APRIL
LINE AT END OF MARCH
HUSHAN
SZECHWAN TROOPS
TO HSUCHOW
OVER 30 CHINESE DIVISIONS ARE MASSED AT END OF MARCH
CHANGSHAN
GEN. TANG EN-PO'S TROOPS
GEN. FAN SUNG-FU

The Situation in Southern Shantung

The Japanese northern force, which started from the line extending east and west from Liangsiatien, about 10 kilometres south of Tsowhsien on March 14th, drove south along the northern section of the Tientsin-Pukow Railway. After dislodging the Szechuanese troops from Chiehho and Tenghsien, this force took Lincheng on March 17th. Part of the force kept up the southern push and occupied Hanchwang, southern border-town on the Tientsin-Pukow Railway, on March 19th. In those engagements the Szechuanese troops suffered a crushing blow. Leaving over 12,000 dead, they retreated to the area south of the Grand Canal.

The Japanese main body also started an attack on fresh Chinese troops, about 40,000 strong, under General Tang En-po which had been rushed to reinforce the Szechuanese, and repulsed them, driving them toward Tsaochwang. On March 19th, part of the Fukuei detachment was ordered to reduce Taierhchwang.

This detachment, on March 24th, attacked some 6,000 Chinese and killed about 300 of them, including a regimental commander. Around March 25th, several Chinese divisions under General Sun Lien-chung arrived at the scene of battle, as reinforcements. Fierce fighting ensued between the Fukuei detachment and the Chinese troops which had surrounded it. Fighting against heavy odds, the detachment occupied part of Taierhchwang on the morning of March 27th and reduced three-quarters of that area on March 31st. On April 3rd, it captured the south gate of the city.

The Japanese main body reached the area east of Tsaochwang on March 20th and drove the troops under General Tang En-po east in the area east of Kwolitsi on March 26th. It swung north on March 28th and cleaned up the remnants of Chinese troops in the mountainous region.

On receipt of information regarding the tense situation in the Taierhchwang sector, the Japanese main body dashed to Taierhchwang on March 30th, leaving a small unit at Kwanchwang and Howan to cover the rear. The Akashiba detachment dislodged the Chinese troops under General Sun Lien-chung from their positions near Yenkiakow, about 5 kilometres northwest of Taierhchwang, and drove them to the southern bank of the Grand Canal on March 31st. This detachment immediately swung north toward Hungwawutun via the area south of Nikow. After liquidating the Chinese troops which had invaded this area, the detachment advanced to the area east of Taierhchwang. In cooperation with the Japanese troops which held the city, this detachment pushed back the Chinese

force outside Taierhchwang to the Grand Canal on April 3rd.

The Katano detachment which had been advancing south along the Chucheng highway in concert with the Akashiba detachment successively defeated the Chinese troops under General Chang Tze-chung south and southwest of Tangtaochen from March 14th to March 17th. By pressing back the enemy forces, about three divisions strong, under Generals Chang Tze-chung and Pang Ping-hsun near Lini (Ichow), this detachment reached the right bank of the River I. On the night of March 29th, the main body of the detachment swung southwest toward Taierhchwang via Siangcheng. On April 1st, it took Lanlingchen and started an attack on the enemy positions near Hushan, 8 kilometres southeast of Taierhchwang, on the morning of April 3rd. In those engagements, it is estimated that the enemy force under General Sun Lien-chung sustained losses of from 16,000 to 20,000 men.

The Chinese force in southern Shantung which had been reinforced by the troops under General Sun Lien-chung received further reinforcements on April 1st and April 4th, composed of several divisions. Falling back on their far greater numerical strength, the enemy now started an outflanking movement against the Japanese and made its appearance in the area east of Yihsien via Lanlingchen.

The Japanese force took immediate measures for frustrating the enemy movement. The Fukuei and Akashiba detachments swung north on the night of April 6th. Part of these units engaged the Chinese troops under General Sun Lien-chung south of Changshan on April 8th and occupied the hilly district west of Changshan and Paishan by defeating them. Meanwhile, the Japanese main body was massed near Yihsien on April 9th in preparation for a further offensive.

The Katano detachment which had been battering the enemy positions near Hushan gathered near Hungwawutun on the night of April 7th. In cooperation with the Fukuei detachment, this unit then swung north. On April 9th, it massed near Kwolitsi, standing by to launch a counter-offensive against the enemy.

On April 12th, the Katano detachment swung east and reached Taoyuanchenling. On April 18th, all Japanese forces launched a general offensive. By April 26th, they established positions encircling Hsuchow.

CAPTURE OF HSUCHOW

The Japanese Southern Force

For some time, a powerful force of Japanese troops had been standing by in the area south of the Hwai River. This Japanese

southern force started a northern drive on May 5th, a day observed in Japan as Boys' Festival. On May 9th, it reduced Mengcheng and took Yungcheng on May 12th.

Keeping up its northeastern drive, on May 16th it broke through the line extending north and south from Hochai. This detachment reduced Pawangshan, only 8 kilometres west of Hsuchow on May 17th, thus dominating Hsuchow.

Prior to this, the Iwanaka mobile unit reached the Lung-Hai Railway at 3 p.m., May 14th, and blew up the steel bridge on the Tasha River near Wangtsi.

These detachments occupied part of Hsuchow at 9:10 a.m., May 19th, and reduced the entire town on the right bank of the old Yellow River.

Another Japanese force which reached Hantsuntsi on the southern bank of the Kwei River on May 12th crossed the river the next evening. The main body of this force occupied Watzekow on the evening of May 15th travelling by way of Paichuan (Poshan) and Suichikow. It kept up its northern drive and took Hsiaohsien on the evening of May 16th. The following day, it started a push on Hsuchow.

Part of the Japanese column which advanced to Nanpingchen from Tayingtsi successfully stormed Suhsien on the southern section of the Tientsin-Pukow Railway on May 18th and reduced it toward evening.

Part of the Japanese column which drove north along the southern section of the Tientsin-Pukow Railway took Kuchen, a strategically important town on the northern bank of the Kwei River at 4:40 p.m., May 19th.

Another Japanese force which pushed west of Chaohsien advanced to Tienpu and the right bank of the Fei River on the evening of May 13th, by defeating the enemy troops in the Hwangshan district. It kept up its western push and took Hofei (Luchow) on the afternoon of May 14th. The enemy which was composed of the Chinese 44th, 48th, and 199th divisions and vigilant committee members left about 2,000 dead, while Japanese casualties totalled only 60.

Hofei (Luchow) is situated in the centre of a great plain in the middle of Anhwei Province, lying on the northwestern shore of Lake Chao which drains into the Yangtze River. It is a large commercial centre with excellent overland and waterway transportation facilities. It has a population of 30,000.

The Southern Shantung Front

With the steady development of the Japanese pincer movement,

the Chinese troops in southern Shantung Province began to waver. Part of them started a retreat toward the south across the Grand Canal on May 14th. The Japanese gave chase to the enemy on the following morning. The left wing of the Japanese force occupied Nanlaokow at 9 o'clock that morning, while the right wing reduced Changshan three hours earlier. On May 16th, they reached the Grand Canal south of Taierhchwang.

A Japanese mobile unit blew up a section of the Lung-Hai Railway at a point west of Sinanchen on the morning of May 14th. On May 19th, Japanese units pushed southwest toward Tushanchen, which is about 52 kilometres east of Hsuchow.

The Western Shantung Front

The Japanese column which drove south from Tsining in western Shantung Province broke through the enemy's first line on May 9th and reached Kuerhho. On May 12th, this column took Tayitsi and on May 14th broke through the line between Kinsiang and Yutai. Keeping up its drive on the Lung-Hai Railway, the column took Tangchai on May 17th and defeated two Chinese regiments of the 38th division in the area northeast of Tangchai. On May 19th, it started an attack on the enemy positions at Chiulishan northwest of Hsuchow.

The extreme right wing of the Japanese forces in western Shantung Province which had been standing by on the northern bank of the Yellow River crossed the river in face of the enemy near Puhsien at dawn, May 12th. By defeating the Chinese Central 23rd division, this column completed its crossing of the Yellow River during the morning. The enemy left about 150 dead, while the Japanese casualties included 8 killed and 52 wounded.

This column kept up its southern push and took Hotseh (Tsaochow) on May 14th. About 7,000 Chinese belonging to the 141st and 23rd divisions offered stubborn resistance in an attempt to hold out Hotseh, a strategically important town in western Shantung Province, but were routed by the Japanese toward the southeast and south. The enemy left about 3,000 dead and large quantities of arms and ammunition.

On its southern drive on Lanfeng from Hotseh, the column encountered the Chinese 87th division which was retreating southward, at a point about 12 kilometres southeast of Kaocheng on May 18th, and routed them with heavy losses. The enemy left about 700 dead, while the Japanese casualties totalled only 40.

A cavalry unit of this column captured a Chinese train carrying

about 1,000 Chinese soldiers, and large quantities of provisions and ammunition at a point about 8 kilometres east of Lanfeng on May 17th.

In the fighting which preceded the Japanese capture of the train, the enemy left about 230 dead, 2 locomotives, 48 goods waggons, 2 light machine-guns and 150 rifles, while the Japanese casualties included 3 killed and 3 wounded. The Japanese column then attacked the enemy positions near Neihwang on the Lung-Hai Railway from where it succeeded in dislodging about 2,000 Chinese soldiers on May 19th. The enemy which belonged to the Chinese 195th and 106th division fled west, leaving about 800 dead.

The Japanese combined attacks led to the fall of Hsuchow on May 19th. At that time it was ascertained that about 30 divisions of Chinese troops were caught in the Japanese trap. Up to the time of writing, the Chinese losses were estimated to have exceeded 200,000, including over 100,000 killed. With the completion of investigation on the spot, these figures are sure to increase, together with those of arms and ammunition captured by the Japanese.

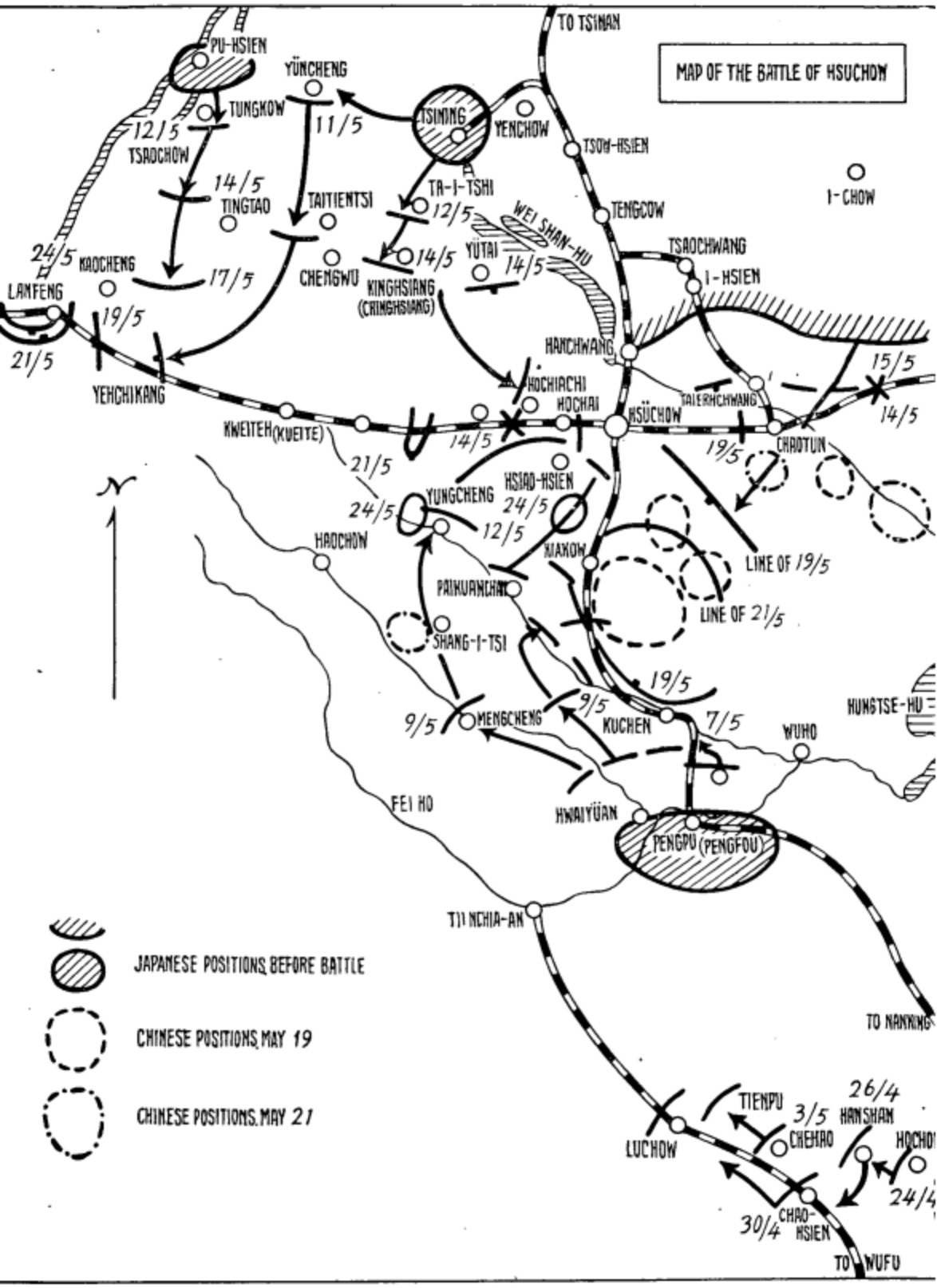
General Tan Tao-yuan, commander-in-chief of the Chinese 22nd Army was taken prisoner by the Japanese. The wounded leader succumbed to injuries in spite of the medical attention given by the Japanese, who buried his body with due ceremony. General Chang Tze-chung, another Chinese commander, appears to have been wounded, while General Li Pi-fan, commander of the Chinese 23rd division, committed suicide. The whereabouts of other Chinese military commanders, including Generals Fan Sung-fu, Sun Lien-chung and Shih Yu-san are unknown.

The Army section of the Imperial Headquarters issued a communique at 7:30 a.m., May 20th, announcing that the Japanese forces completely occupied Hsuchow on May 19th and that they were now undertaking a clean-up campaign against remnants of Chinese troops.

Official Statement is Issued

Following the capture of Hsuchow, a spokesman of the Army section of the Imperial Headquarters issued a statement describing the Japanese military operations which led to the capture of the important railway junction.

" Hsuchow, the junction of the Tientsin-Pukow and the Lung-Hai Railways, was occupied by the Japanese forces on May 19th, as the result of which sun-flags are now flown over the great plains extending over the four provinces of Shantung, Honan, Kiangsu and Anhwei.


MAP OF THE BATTLE OF HSUCHOW
TO TSINAN
PU-HSIEN
YÜNCHENG
TUNGKOW
12/5
TSAOCHOW
11/5
TSINING
YENCHOW
TSOU-HSIEN
14/5
TINGTAO
TAITIENTSI
TA-I-TSHI
12/5
WEI SHAN-HU
TENGCOW
I-CHOW
24/5
KAOCHENG
17/5
CHENGWU
KINGHSIANG
(CRINGHSIANG)
14/5
YUTAI
14/5
TSAOCHWANG
I-HSIEN
LANFENG
19/5
21/5
YEHCHIKANG
HANCHWANG
HOCHIACHI
HOCHAI
HSÜCHOW
TAIERHCHWANG
15/5
14/5
KWEITEH(KUEITE)
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CHAOTUN
19/5
YUNGCHENG
24/5
12/5
HSIAO-HSIEN
24/5
HAOCHOW
MAKOW
LINE OF 19/5
PAIKUANCHAI
LINE OF 21/5
SHANG-I-TSI
19/5
9/5
MENGCHENG
9/5
KUCHEN
7/5
WUHO
HUNGTSE-HU
FEI HO
HWAIYÜAN
PENGPU (PENGFOU)
TIINCHIA-AN
JAPANESE POSITIONS BEFORE BATTLE
CHINESE POSITIONS MAY 19
CHINESE POSITIONS MAY 21
TO NANKING
TIENPU
3/5
CHENHAO
LUCHOW
26/4
HANSHAN
24/4
30/4
CHAO-HSIEN
TO WUFU

"After driving the Chinese troops away from southern Shansi Province and northern Honan Province north of the Yellow River early this year, the Japanese forces had been standing by for the next move, defeating Chinese guerilla warfare designed to disturb the rear of the Japanese armies. From the middle of March, the situation in southern Shantung became remarkably active with a large force of troops concentrated by the Chiang Kai-shek Régime ministration in the Hsuchow sector evidently in an attempt to restore popular confidence and simultaneously to prevent its foreign prestige from falling by retrieving its past series of military reverses.

"Part of the Japanese northern force which was operating in southern Shantung Province defeated the Szechuanese troops which had advanced north along the TientsinPukow Railway late in March and pressed them back to the area south of the Grand Canal near Hanchwang and Taierhchwang. Meanwhile, however, Chinese troops, about six divisions strong, under General Tang En-po advanced on the area east of Yihsien from the eastern side of the Tsaochwang-Taierhchwang Railway. Thereupon, the Japanese force in southern Shantung immediately swung north and dealt them a heavy blow.

"Taking advantage of their advance, the Japanese force, numerically far inferior, lured the Chinese troops into eastern Shantung in an effort to crush them at one blow. The Japanese force in eastern Shantung Province successfully maintained its strategical position till the middle of April, when the Japanese northern and southern forces started their pincer movement against Hsuchow.

"The enemy, however, failed to scent even part of the Japanese plan of operations, but on the contrary concentrated over 30 divisions of troops in southern Shantung Province. The enemy represented the war situation in southern Shantung as developing in its favour, and the outside world apparently gave credence to the Chinese contention. The Japanese military authorities, however, have persistently kept silent regarding the war situation for the sake of the great objective of the Japanese forces. Letting the Chinese indulge in self-intoxication, the Japanese forces completed all preparations for the present brilliant success.

"Part of the Japanese southern force reduced Yencheng and Powning. It was pressing on Haichow, the eastern terminus of the Lung-Hai Railway. The main body of the Japanese southern force crossed the Hwai River on May 5th and drove north along the western side of the southern section of the Tientsin-Pukow Railway. After cutting off the highway leading from Pohsien to Hsuchow via Yungcheng, one of the main communication lines for Hsuchow, the Japa-

nese main body interrupted railway traffic near Tangshan on May 14th. On the other hand, the Japanese northern force which pushed south from Tsining in western Shantung broke through the enemy line between Kinsiang and Yutai on May 14th, while the extreme right column of the Japanese northern force crossed the Yellow River near Puhsien in western Shantung. This column reduced Tseho (Tsaochow) on May 13th and swooped down on the Lanfeng sector, thus establishing the encircling movement round Hsuchow.

" The enemy attempted to turn the tide of war in its favour, by making the troops along the Grand Canal in western Shantung and south of Hsuchow offer stiff resistance against the Japanese onslaughts, which, however, proved irresistible. Sustaining an overwhelming blow in all sectors, the Chinese resistance along the whole front has been broken. The Japanese forces are now pursuing the retreating enemy.

" The Lung-Hai Railway has been strongly fortified during recent years by the Chinese authorities as the first line of resistance against Japan. Especial importance has been attached to Hsuchow, which the Chinese military commanders have thought to be impregnable. General Li Tsung-jen, the Chinese commander-in-chief of the Hsuchow sector declared: 'Not only the issue of the Hsuchow battle, but the fate of the Chinese state and people hinges on the engagement along the Grand Canal.' It is hardly necessary to mention that the eyes of the whole world have been drawn to the outcome of the Hsuchow battle. Once, however, the Japanese Army has risen, it has carried everything before it, taking Hsuchow in a short space of time and thus enhancing its prestige. With the capture of Hsuchow, the important railway junction, movements of Japanese troops from North to Central China and *vice versa* have become possible, adding to their mobility and tactical manœuvres. Japanese control established on the Lung-Hai Railway also extends remarkably the Japanese sphere of influence, both military and political, while through traffic resumed on the Tientsin-Pukow Railway will certainly accelerate the projected union of the Provisional Government of the Republic of China at Peking and the New Government of the Republic of China at Nanking with the vast fertile plain in the three provinces of Kiangsu, Honan and Anhwei seceding from the Chiang Kai-shek Régime.

" The Hsuchow battle has ended in a brilliant victory for the Japanese with much of the Chinese resistance broken. But the objective of the Japanese cause in China has not yet been attained. As long as the Chinese persist in their so-called long-term hostilities against Japan, the Japanese must keep up their military

action in China and mete out protracted punishment to the Chiang Kai-shek Régime. Don't crow too much over your enemy, states the old saying. The Japanese armies will be as solidly united as ever and will redouble their efforts in attaining their objective."

GOLD PRODUCTION POLICY

DEPARTMENT OF COMMERCE AND INDUSTRY

IN the present emergency, the production of gold in Japan is important. Among the many far-sighted ways of coping with the exigencies of the current situation, increasing the domestic production of gold is of particular value in aiding national defence, strengthening industry, improving the international balance of trade and in stabilizing the economic life of the people.

Economic, industrial and various other phases of the Japanese national life that had been on a semi-wartime basis for several years have swiftly been placed within an actual wartime structure since the outbreak of the China Affair. All the forces of the nation have been mobilized. The new circumstances which have arisen with the hostilities, those that may yet develop, and the perpetually changing international situation complicated by the interests of foreign powers in East Asia make it inconceivable that the things now placed on a wartime basis in Japan can be altered suddenly even when the China Affair has been brought to an end. On the contrary, it is necessary to enlarge the scope of the present wartime structure. Japan must concentrate her entire energy in the task of augmenting productive capacity in order to replenish the materials required for national defence and to maintain a high standard of quality and efficiency—in other words the task of establishing and operating a defence-centred economy.

To accomplish this task a large supply of goods is required. Lacking natural resources, Japan today depends on importation from foreign countries for a large number of materials for armaments, munitions and various capital goods. Semi-finished goods are particularly needed in connection with defence-centred economy.

However, the greater the importation of goods, the worse will become the already adverse international balance of trade. Hence, it is necessary to adopt feasible measures to maintain equilibrium in international accounts while attempting to import adequate amounts of goods needed. Promotion of the export trade constitutes one of these measures. Through concerted efforts on the part of the Government and the people, Japan's export business has continued to advance in the face of high tariffs, import quota systems and various other restrictive measures adopted by other countries. Simultaneously, the Government has introduced the Foreign Exchange Control

Law, the Law Concerning Adjustment of Foreign Trade and Allied Industries and the Law Concerning Temporary Measures on Exports and Imports. Through these measures it has been attempted to adjust foreign trade by prohibiting or restricting imports of goods which have been considered unnecessary or non-urgent.

The remaining method of bettering the international balance and maintaining the foreign exchange position of the yen on a sound basis is to replenish funds for settlement of foreign exchange. The most effective measure here is to increase the production of gold within Japan.

Even in time of peace gold is necessary as a means of purchasing goods from abroad and as the basis for the currency system of the nation. It has particular significance in Japan today, for whether or not we can acquire an adequate amount of gold constitutes a key to determine whether we shall be able to cope with the present emergency. Accordingly, the Government has made substantial appropriations for various gold production measures, notwithstanding the large expenditures required for other undertakings.

The Gold Production Law

Since 1932, the Government has enforced many policies concerning gold : the purchasing of gold at current market prices ; the reduction of railway freight rates on gold ore ; the reduction of fees for analysing gold ore at the Bureau for Supervising Mines ; the subsidization of construction of gold refineries, and the guiding of operations of gold mines on minor scales. As a result, the production of gold has increased considerably. In Japan Proper alone, in 1936, it amounted to more than 22 metric tons valued at 74,820,000 yen, whereas in 1931 only a little over 12 metric tons of gold valued at 16,500,000 yen were produced. Production in the Japanese Empire, including Taiwan and Chosen, which was about 22 metric tons, valued at 26,840,000 yen in 1931, increased sharply to more than 41 metric tons worth 138,560,000 yen in 1936.

However, even this latter amount is inadequate at the present time. The Government therefore promulgated the Gold Production Law (Law No. 59 of 1937) which went into effect on August 28th of that year, with a view to increasing production of gold in an aggressive manner and to concentrating the precious metal in governmental hands so that it may be utilized in equibalancing international accounts. In conjunction with the execution of this law, the Government is encouraging gold production with a sum of approximately 22,580,-000yen to be spread over five years from the 1937 fiscal year.

For the promotion of the gold mining industry, the Government also introduced the Law Concerning the Japan Gold Production Promotion Company, Limited at the 73rd session of the Imperial Diet. Approved by the Diet, the law was promulgated on March 29, 1938, and is expected to be enforced shortly. The company to be organized under this law will be a special semi-governmental corporation whose functions will be to facilitate supply of abundant funds for gold mining enterprises and also to undertake various promotional enterprises in connection with the industry, such as the refining of poor ores.

On May 2, 1938, the Government raised its buying price of gold from the former level of ¥3.77 per fine gram to ¥3.85, the current level of the world gold market. On May 9th, it abolished the gold buying commission which had hitherto been levied, and reduced by 50 per cent the rates of refining fees charged by the Mint on gold bullion to be sold to the Government, the rates of fees on certificates of the quality of gold bullion and those of fees on testing. At the same time, the buying commission on gold bullion in small lots below 50 grams was abolished.

Essential Points of the Gold Production Law

The essential points of the Gold Production Law may be listed as follows :

1. Persons desiring to engage in the business of gold refining and of buying minerals containing gold are required to secure licences from the Government.

2. Persons who have acquired minerals containing gold or alluvial gold or any substance containing gold are required to refine them into gold bullion and to sell the latter to the Government, or to sell them to licensed gold refiners or buyers of minerals containing gold. When these buyers have refined the bullion, they are obliged to sell it to the Government. Thus, all newly refined gold is to be concentrated by the Government, irrespective of the channels through which it may be obtained.

3. Gold refiners are required to formulate their plans of operation in advance and to report them to the Government. Reports are also required concerning changes in plans. The Government is authorized to order alterations in the plans of the refiners.

4. Whenever it is deemed necessary for the augmentation of gold production, the Government may, on the recommendation of the Gold Commission, command gold refiners to expand or improve refining facilities and may give necessary instructions concerning

such facilities.

5. Owners of mining rights and rights on alluvial minerals containing gold shall be treated in the same manner as gold refiners, with respect to business operations.

6. When it is deemed necessary for the public welfare, the Government may, on the recommendation of the Gold Commission, issue orders to persons who are engaged in gold mining, gold refining and buying of minerals containing gold.

7. The Government is authorized to demand reports from gold miners, gold refiners and persons engaged in the business of buying minerals containing gold concerning their business methods and assets, and may also investigate such matters. The Government may further issue supervisory orders regarding the accounting methods of the above persons or may take the necessary action.

8. When it is deemed necessary, the Government may, on the recommendation of the Gold Commission, issue orders regarding the price of gold, restrictions on the use of gold and other matters relating to the consumption of gold. This provision has been put into force through Ordinance No. 60 Concerning Regulations on Gold Consumption of the Department of Finance, promulgated on December 28, 1937.

9. Machinery, tools or other materials necessary in the business of gold miners or gold refiners, when imported with the approval of the Government, shall be exempted from import duties for a period of five years from the day on which the Gold Production Law went into effect.

10. The Government may give subsidies to gold miners or gold refiners within the limits of the amount fixed in the budget.

Encouragement of Gold Production

Measures for encouraging the production of gold are roughly as follows :

1. To give subsidies to those prospecting for gold mines.
2. Subsidization of construction of facilities for selecting and refining ore.

These measures are to be carried out in accordance with the provisions of the Gold Production Law. Procedures relating to these measures are provided for in Ordinance No. 22 Concerning Gold Production Encouragement Regulations of the Department of Commerce and Industry, promulgated on October 10, 1937. Other measures are :

1. To subsidize expenses covering institutions for training the field staffs of gold mining companies.
2. To survey mineral deposits in gold producing areas.
3. To hasten the disposal of applications for gold mining licences.
4. To lend machinery and tools for gold mining.

Law Concerning the Japan Gold Production Promotion Co., Ltd.

A summary of the prospectus of the Japan Gold Production Promotion Company, Limited is as follows :

1. Organization of the company : This company is to be a special joint stock company organized under a special law.
2. Purpose of the company : To conduct operations necessary for the promotion of gold mining and refining.
3. Capital : 50,000,000 yen, of which 25,000,000 yen is to be invested by the Government. The capital may be increased on the approval of the Government.
4. Officers : (a) The company shall have a president, vice-president, three or more directors and two or more auditors. (b) The president and vice-president shall be appointed by the Government ; their term of office shall be four years. Directors shall be appointed by the Government from among the shareholders of the company ; their term shall be three years. Auditors shall be elected from among the shareholders at a general meeting ; their term shall be two years.
5. Business : (a) Financing of and investment in gold mining and refining enterprises and in enterprises for the manufacture of gold mining and refining machinery and tools. (b) Gold mining and refining. (c) Buying and selling of gold mining and refining machinery and tools, and other materials or equipment. (d) Buying and selling of minerals containing gold. (e) Survey and valuation of gold mines.
6. Debentures : (a) The company is authorized to issue debentures under the name of the Gold Production Promotion Debentures up to an amount five times the paid-up capital of the company. (b) The Government may guarantee the payment of the principal of and interest on such debentures.
7. Dividends : (a) The company shall not be required to pay dividends on the Government-owned shares until private shares have been satisfied to the extent of 4 per cent per annum. (b) In case the profits to be divided among shareholders reach a ratio exceeding 4 per cent per annum on private investments and the company

intends to declare dividends at a higher rate, distribution of such excess profits may be made on the Government shares and private shares at the ratio of 1 to 5, until the company becomes able to declare dividends of equal rates on both kinds of shares.

8. Subsidization of dividends: When the amount of profits to be distributed among shareholders fails to reach the rate of 4 per cent per annum on private investments, the Government shall subsidize the company with an amount covering the deficiency for the first year of its operation and for the subsequent five years. However, each subsidy cannot exceed the combined total of a sum equivalent to 4 per cent per annum on private investments and a sum of interest paid on Gold Production Promotion Debentures, with the exception of the first one.

9. Tax exemption: (a) The company shall be exempted from income tax and business profit tax for the first and the subsequent 10 business years. (b) No local taxes shall be levied on this company.

10. Subsidies: The Government may grant subsidies to the company principally for its enterprises relating to refining of poor ores.

11. Government supervision: (a) The Government is authorized to supervise the business of the company. The company is required to obtain approval from the Government regarding increase of capital, issuance of Gold Production Promotion Debentures, other borrowings, changes in the Articles of Corporation, disposition of profits, resolutions on amalgamation with other companies or dissolution, and business plans. (b) The company shall observe the Government's supervisory orders and orders necessary for the promotion of gold producing enterprises. (c) The Government shall appoint supervisors of the Nippon Gold Production Promotion Company in order to supervise the business of the company.

12. Regarding the organization of this company, the Government shall appoint an Organization Committee, which shall make all preparations and follow the necessary procedures.

The Gold Mining Industry in the Empire

The foregoing explanations apply to governmental policies in Japan Proper. In Korea, the Decree on Gold Production was promulgated by Imperial Ordinance No. 16 of September 7, 1937. This Decree is similar in substance to the Gold Production Law of Japan Proper. In Formosa, the Gold Production Law is to be enforced as in Japan Proper in accordance with Imperial Ordinance No. 518 of September 25, 1937.

The Japan Gold Production Promotion Company intends to in-

crease the production of gold throughout the Empire. It will conduct business in Korea and Formosa as well as in Japan Proper.

Through all these endeavours, it is expected that the production of gold in the Japanese Empire will increase rapidly and that the new gold will be valued at several hundred million yen within a few years. To accomplish the purpose of the governmental plans large amounts of capital, various capital goods and a large number of technicians and skilled labourers are necessary. Full cooperation on the part of the people with the Government is deemed requisite to ensure successful expansion of gold producing enterprises.

FABRICATED NEWS AS CHINESE STRATEGY

PRESS SECTION, WAR DEPARTMENT

SINCE the World War, nations have realized the vital significance of publicity and enlightenment as formidable instruments of modern warfare, especially in major conflicts where the whole strength of human and material resources is involved and where the establishment of an unified attitude becomes an important factor in deciding the outcome of the struggle. Campaigns of publicity and enlightenment organized according to principles of mass psychology in which mental and sentimental reasonings are intricately and delicatedly woven, form a typical manifestation in this ideational aspect of modern war.

But sometimes propaganda is conducted by the use of exaggerated, distorted and fabricated stories—propaganda that defeats its purpose. Fabrications appear to be the basis of the publicity conducted by the Chinese Nationalist Government. This kind of publicity was used greatly, perhaps under the leadership of men like Kuo Mo-jo, in connection with the war situation in the Hsuchow area, and will be used increasingly as hostilities are prolonged and the fatal hour for the Chiang régime draws near.

The material chiefly employed by the Chinese for their fabricated news relates to the war situation. The effect of this kind of publicity is not only shortlived but adverse, since the true situation will be manifested sooner or later through the objective fact of success or failure. However, there is one factor in this connection that cannot be taken lightly. This concerns the false news manufactured against Japan with regard to brutality and ruthlessness in aerial and other attacks upon non-combatants and in the use of weapons and other war materials, false stories which are designed to invite intervention by third Powers on grounds of violation of the laws of war among civilized nations.

The following are outstanding examples of Chinese fabrications which are simply ludicrous in nature.

Fabrications Concerning Defeats of Japanese Forces

Chinese Broadcast of December 8th: Mr. Mao Tze-tung stated on December 3rd that the greater part of the Japanese forces has been destroyed and that at present only a force of 200,000 was left.

Broadcast of March 13th: In Japan, no males are left available for recruiting. Women are to be employed for railway construction.

Broadcast of March 11th: Engagements on the Shansi front are going on at Linfen. The flying column of the Chinese regulars is active behind the Japanese lines, inflicting heavy losses on the latter. In these engagements the Japanese have lost 15,000 men.

Broadcast of March 20th: The Chinese flying column in a sector along the Peking-Hankow Railway encountered a Japanese force. After repulsing the Japanese, five Chinese regiments enveloped and routed 3,000 of them, who left 1,000 dead. Thus the Chinese are advancing while the Japanese are wavering throughout their entire line.

Broadcast of March 20th: A Chinese force killed 1,000 Japanese and captured large quantities of arms and ammunition.

Broadcast of April 12th: As the Chinese forces have surrounded the walled city of Nanking, the Japanese Government and military authorities have been thrown into consternation. On the very day of the inauguration of the new Régime in Nanking, Chinese forces over 10,000 strong arrived in the suburbs of Nanking, threatening the Japanese forces there. Subsequently, that area has been placed within the encirclement of the Chinese forces so that the days of Nanking are numbered.

Fabrications Concerning Activities of Air Forces

Newspaper Report of August 16th: The Nanking Government (Nationalist) is summoning to General Staff Headquarters all the aviators in the country, numbering 3,000, with a view to sending them to the front.

Newspaper Report of August 26th; Chinese planes bombed two Japanese warships, which are now under repair floating American flags.

Broadcast of October 10th: Our (Chinese) forces are successfully fighting in Hopei, Shantung and Shanghai. The forces in Hopei will soon advance into Jehol. We have already killed some 30,000 Japanese soldiers and shot down 200 planes.

Broadcast of November 13th: One of our (Chinese) air squadrons, flying over the Japanese airplane carrier, dropped bombs which hit the vessel, destroying 12 planes, causing her to list, and starting a fire in the stern. Taken unawares, the Japanese were thrown into confusion, opening fire in vain. Our planes, achieving their purpose, returned to their base in safety.

Dispatch from Hongkong of February 25th: A Chinese plane flew

far over the Japanese main island today. Making a reconnaissance flight over Tokyo, it returned to Hankow in safety. Our air force will shortly make a large-scale raid on Tokyo.

Broadcast of March 3rd: Chinese air forces have bombed the Japanese air base in Taihoku, Formosa, for several days in succession. On other fronts too our air forces are inflicting heavy losses on Japanese troops. While the Japanese are disseminating news that they have destroyed a Chinese air squadron consisting of a certain large number of planes, which are reported not to have existed, it visited the air base at Taihoku, after crossing the sea. In that raid our air force destroyed 40 large-sized bombers of the enemy and bombed the hangar, gasoline depot and other important military establishments.

Broadcast of March 11th: Since the outbreak of the present hostilities the Chinese air force has shot down a total of 540 Japanese planes.

Fabrications Concerning Inhuman Acts

Newspaper Report of September 25th (published in an English language paper in Shanghai)*:* Japanese authorities on the spot are planning to destroy the power plant and poison the reservoir.[1]

Broadcast of November 15th: According to news from Suchow, the fact that the Japanese forces used dumdum bullets in a battle in a certain unnamed sector has been disclosed.

Broadcast of March 17th: Such is the inhumanity of the Japanese armies that they have given Chinese civilians food mixed with poison. This was attested by the symtoms of those who were taken ill by eating the food. Their bodies invariably became black.

Fabrications Concerning Deaths of High Commanders

Dispatch from Shanghai on October 7th: General Iwane Matsui, highest commander of the Japanese forces on the Shanghai front was wounded and has returned to Japan. [A story widely circulated in China].

Broadcast and Dispatch from Hongkong of December 9th: According to news received from Tientsin, the commanding general of the enemy was killed by our force in an engagement along the Peiping-Hankow Railway. His remains were taken to Tientsin for cremation and later the ashes were sent back to Japan.

1. This issue of the paper was banned by the Municipal Council on the ground that it disturbed the peace of the International Settlement.

Foreign News of April 11th: Chinese papers report that in a battle at Taierhchwang yesterday two Japanese lieutenant-generals (whose names are withheld) are reported to have committed suicide.

Broadcast of April 15th: Information obtained from Japanese circles discloses the fact that a certain Japanese lieutenant-general (whose name is withheld) was killed in action against a Chinese raid.

Fabrications Concerning War Prisoners

Broadcast of March 11th: Some 4,000 Japanese soldiers surrendered. Our headquarters immediately sent them back to their lines.

Broadcast of March 13th: The Japanese troops in Shansi Province have been so cruelly treated that 1,000 soldiers have surrendered to our troops in a certain place.

Broadcast of April 12th: China has decided to treat Japanese prisoners generously according to the following principles:

a. To treat wounded aviators especially generously.

b. Japanese prisoners to be accorded kind treatment; cruelties to them strictly prohibited.

c. Those prisoners who desire to go home, after pledging themselves to engage in fighting no more to be given travelling expenses.

Fabrications Concerning Movements within Japan

Broadcast of September 4th: According to a dispatch from Shanghai received by well-informed circles, the Japanese War Department announced on the 2nd that the Uji Powder Factory in Kyoto Prefecture exploded on the night of the 1st and that the number of the dead and wounded ascertained by 2 o'clock the following morning was over 30. This explosion seems to have been a plot by those who are opposing the present act of aggression.

Broadcast of October 1st: According to information received in foreign circles in China, the anti-war sentiment is running high among Japanese youths. Lately a group representing the Anti-War Federation, which has a membership of 8,000,000 among university and high school students, questioned the reasons for invading China. No satisfactory answer was received.

Broadcast of October 20th: In homes of Japanese soldiers, who are mostly from agrarian communities, their parents, wives and children are suffering greatly from lack of the necessaries of life on account of the heavy war taxes which are increasing year by year. As their salaries are far from being sufficient to take care of their families,

" movements for seeking husbands " are continually breaking out. For example, after the February 26th incident when the 1st Division was leaving for Manchuria, families of common soldiers, the aged, adults and children of both sexes, lay down on the railway track, thus blocking the movement of the train.

Broadcast of December 27th: A dispatch from Poochow reports that Jiro Takekura,[2] a revolutionary leader in Formosa, is rising against Japan and that the whole island is dominated by revolutionary sentiment.

Report of December 28th (appearing in foreign papers in the Peking-Tientsin district)*:* General Ugaki,[3] Governor-General of Korea, was bombed and had a narrow escape. In Korea and Formosa revolutionary movements are active.

Broadcast of January 9th: Japan has created the Imperial Headquarters for military operation in China. In these operations even Formosans have been called out, but none of them return from the front. A revolutionary leader named Kauhi rose against the cause with 300 followers on January 3rd. After fighting for three hours he and all his followers were captured. They were set free, but later were all killed.

Foreign Dispatch of February 26th: According to the report of a foreign business man, 6,000 recruits refused to board a transport on February 18, with the result that 37 were killed, 4,000 wounded and 1,000 arrested. Thereupon their families who were there to see them off immediately organized a large-scale anti-war procession, in which a part of the soldiers going to the front took part, shouting anti-war slogans. The gendarmes, in an effort to suppress the agitation, fired at the procession, killing and injuring many. Of the 1,000 persons arrested 300 were members of soldiers' families and the rest soldiers. This incident prevented the transport from sailing that day.

*

The falsity of these Chinese fabrications is perhaps most apparent in their ludicrous use of numbers. It is strongly suspected that the writers have merely inserted the first figures to enter their heads, regardless of reason as well as of truth. The propaganda also reveals a basic misunderstanding of Japanese psychology. The Japanese nation is not divided in the slightest degree, nor will she ever be so.

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2. This is a regular Japanese name, not Formosan.
3. At the time of this broadcast the Governor-General of Korea was not General Ugaki but General Jiro Minami. The former is now Minister for Foreign Affairs.

ON THE ANGLO-JAPANESE AGREEMENT CONCERNING THE CHINESE MARITIME CUSTOMS

BUREAU OF INFORMATION, DEPARTMENT OF FOREIGN AFFAIRS

GENERAL Chiang Kai-shek is reported to have declared recently in an interview with a French newspaper correspondent at Hankow that he believed "the Chinese forces are capable of making resistance to the last" and that "the unification of China has been accomplished."

Propaganda of this sort no longer serves any useful purpose as is clearly demonstrated by the exposure of an impasse confronting the Chiang Kai-shek régime in its military, financial, economic and other administrative affairs as the result of the successive defeats of its forces on the battlefield and the healthy development of the new Chinese régimes at Peking and Nanking. Now, even Great Britain which has been showing a favourable attitude toward the Kuomintang Government is compelled to recognize the actual situation.

At the conference held on May 2nd between the Vice-Minister for Foreign Affairs of Japan, Mr. Kensuke Horinouchi, and the British Ambassador at Tokyo, Sir Robert Craigie, the transfer of the Shanghai Maritime Customs to the New Government of the Republic of China was mutually agreed upon. Mr. Li Kien-nan, staff member of the Finance Department of that government, was appointed superintendent of the Shanghai Maritime Customs. At that time, also, it was announced that all revenues collected by the Customs at each port within the areas under Japanese occupation are to be deposited with the Yokohama Specie Bank, from which revenues foreign loan quotas will be serviced.

The question of taking over the Shanghai Maritime Customs was first brought up in official conversations on November 20th, 1937, when Consul General Okamoto at Shanghai called upon Mr. Franklin, chairman of the Shanghai Municipal Council. But owing to the attitude of Great Britain, the United State and France, which, as was reported by the press, could not be regarded as sympathetic, Japan's desire to settle the question amicably could not be realized easily.

Since then, however, the actual situation in China has undergone a great change. In contrast to the fast declining power of the Chiang Kai-shek régime, whose final collapse is only a matter of time, the new régimes at Peking and Nanking as governments of the Chi-

nese have become so strong in their foundation that Great Britain was forced to recognize the existence not only of the Provisional Government of the Republic of China at Peking but of the New Government of the Republic of China in Nanking. The question of the Maritime Customs has thus been brought to a settlement after nearly six months of negotiation.

Circumstances such as these explain the course of progress of the Anglo-Japanese negotiations concerning the matter. The statement issued at the time of the agreement declared in part that "the agreed arrangement is, in view of the actual situation in the Far East, the best guaranty for the protection of creditors whose interests are secured on the Chinese Maritime Customs revenue." Moreover, financial circles in London responded favourably to the report of the transfer to the New Government at Nanking of the Shanghai Maritime Customs; the stocks of enterprises relating to China as well as the Chinese bonds have risen from 3 to 4 points. Banking circles, too, welcomed the agreement as indicating improvement in Anglo-Japanese relations. It was reported furthermore that in some quarters it was observed that Great Britain would, by taking advantage of the opportunity afforded by the agreement, offer her mediation for the settlement of the China Affair.

In the light of these facts it is clear that the agreement was regarded as the best possible measure not only by the Government but by the people of Great Britain. As for France, which has bound herself to Great Britain more closely than before through the recent Anglo-French conversations, there is no reason to expect that she will object to the new arrangement, while the United States, as she did not raise an objection to the taking over of the Maritime Customs in North China by the Provisional Government at Peking, will take no exception to the similar arrangement made at Shanghai, since the country having the greatest interest in the matter, namely Great Britain, has taken the lead in agreeing to the arrangement.

Whatever bluff Chiang Kai-shek may make, he cannot hope to alter the actual course of events; his own status is being regarded throughout the world as no more than that of the chief of a local régime. Such an eventuality had already been foreseen, and it is supposed that the secret coming of Chang Chun, who is General Chiang's confidant, to Shanghai recently is for the purpose of devising some remedial measures to meet the situation. But, in view of the fact that the Powers have come to realize the disadvantage of dealing with the Kuomintang Government alone, there is no reason to believe that Mr. Chang will be able to produce a scheme ingenious enough to restore the *status quo ante*.

There is said to be a rumour in Shanghai to the effect that the Kuomintang Government may protest against the step taken by Great Britain. By such a show of power that government may attempt to bring indirect pressure upon the new régime. A passive act of this kind at this late hour is not only hopeless but bound to expose the utter weakness of that government, which will fall into still greater adversities.

There are also various speculations attaching some significance to the coming of Chang Chun to Shanghai in connection with the report that the faction within the Kuomintang Government advocating peace has become quite active of late. But since the attitude of Japan, which decided not to deal with the Kuomintang Government, remains adamant, Mr. Chang cannot hope to accomplish anything along that line.

Revenue from Maritime Customs.

Prior to the Anglo-Japanese agreement, the Maritime Customs at Tientsin and Chinwangtao and their branches at Tangku, Shanhaikwan and Peking were simultaneously taken over on November 16th, 1937 by the Provisional Government at Peking, as the preliminary negotiations for the step had progressed rapidly and smoothly. While this was due to the radical difference of conditions prevailing in North China from those in Central China, the changed attitude of Great Britain, who is known for her proficiency in adjusting herself to a situation, may also be recognized in this case. With the Maritime Customs service at Tsingtao reopened under the supervision of the Provisional Government at Peking, almost all the Maritime Customs services in North China have been resumed.

The revenue from the Maritime Customs is a very important source of income, amounting to from 40 to 50 per cent of the total annual income of the government of China (according to the Financial Year-book published by the Kuomintang Government). It is, in fact, the richest source of revenue for China. The total annual Customs revenues for the past ten years have been as follows:

Year	Amount (in ten thousand Yuan)	Year	Amount (in ten thousand Yuan)
1928	11,921	1933	33,950
1929	22,858	1934	33,462
1930	27,186	1935	31,550
1931	38,498	1936	32,463
1932	31,195	1937	34,290

That the Shanghai Maritime Customs providing the greatest revenue has come under the control of the New Government at Nanking is a welcome phenomenon. It must also be encouraging to the Provisional Government at Peking with which the new Nanking régime is expected to be merged. The importance of the position of the Shanghai Maritime Customs in point of trade and revenue may be seen from the following tables.

A Comparative Table Showing Amounts of Imports and Exports at Principal Ports of China in Three Recent Years

(in Thousand Yuan)

Year	1934		1935		1936	
Name of Port	Amount of imports & exports	%	Amount of imports & exports	%	Amount of imports & exports	%
All China	1,574,712	100.00	1,500,993	100.00	1,651,314	100.00
Shanghai	822,788	55.43	796,669	53.08	917,457	55.56
Tientsin	177,721	11.26	176,362	11.75	190,474	11.53
Tsingtao	83,770	5.32	99,791	6.65	106,285	6.44
Canton	80,976	5.14	73,697	4.91	73,392	4.44
Kowloon	80,622	5.12	75,995	5.06	63,796	3.86

A Table Showing Revenues of Principal Maritime Customs in 1937

Place of Customs	Amount (in ten thousand Yuan)	Comparison with the preceding year	Place of Customs	Amount (in ten thousand Yuan)	Comparison with the preceding year
Chinwangtao	161	+ 37	Hankow	2,583	+195
Tientsin	3,339	−213	Amoy	530	− 16
Chefoo	373	− 87	Swatow	894	+211
Tsingtao	2,431	+400	Canton	1,285	+193
Shanghai	14,211	−675	Kowloon	1,648	+736

Note: The first five ports are under the new régimes; the last five are under the Kuomintang régime.

New Régimes are Aided

The New Government at Nanking has not made large expenditures as it is functioning on a small scale in view of its promised amalgamation with the Provisional Government at Peking. Its acquisition of a rich source of revenue such as the Shanghai Maritime Customs is, therefore, of great help in carrying on the work of reconstruction in the area south of the Yangtze River.

As to the financial condition of the Provisional Government at Peking, we find that, since it has pursued a sound financial policy while strictly avoiding loose spending and since almost no money has been required for armaments, it had a surplus of eight million yuan for administrative expenditure by the end of March. Furthermore, it has under its control two important ports, Tientsin and Tsingtao, whose Maritime Customs rank second and third, respectively, following those of Shanghai in amount of revenue; it receives large returns from the salt tax. The revenue from this salt tax is surpassed only by that from the Maritime Customs; if properly administered, it will amount to 250,000,000 yuan annually. In addition to this income there are revenues from the domestic export tax and other sources.

The future of the new régime is full of promise as it is assured increasing revenues with the restoration of peace and order and progress in economic development. The Kuomintang Government, on the contrary, is in a precarious condition if observed only from an economic standpoint, since its coffers have already been greatly drained. It has lost the revenue from the Shanghai Maritime Customs and is about to be deprived of the salt revenue of the Haichow district.

The New Government at Nanking is expected to open customs services at such ports in the Japanese occupied districts as Nanking, Hangchow, Wuhu, Chenkiang and Suchow on the basis of the recent agreement. When, with the early restoration of peace and order, these services are resumed, the only Maritime Customs remaining under the jurisdiction of the Kuomintang Government will be those at Canton, Kowloon, Swatow, Fuchow, Hankow, Kiuking, all in South China or on the upper Yangtze. Of these, only the Canton, Kowloon and Hankow Customs yield revenues of any importance.

THE SITUATION IN CHINA

I

—ADVANCE OF THE IMPERIAL ARMY—

PRESS SECTION, WAR DEPARTMENT

Aftermath of the Battle of Hsuchow

The Hsuchow battle, described elsewhere in this issue of TOKYO GAZETTE on which the Chinese side apparently staked everything as announced by General Li Tsung-jen, the Chinese commander-in-chief, ended in the complete defeat of the Chinese forces.

With the steady tightening of the Japanese steel band around Hsuchow, the Chinese command has been utterly demoralized and disorganized. Remnants of the Chinese troops which have fled from Hsuchow are now facing the alternatives of either starving to death or surrendering. Most of them are scattered over various villages and fields where they are suffering from extreme fatigue and hunger.

The Morozumi, Tashiro, Kurabayashi and Soyeda detachments which reduced Hsuchow drove south in pursuit of the fleeing enemy without taking their deserved rest. These detachments reached the area east of Mintzetsi on May 21st. Tightening the encircling line, these detachments advanced to the line connecting Fulitsi and Yungchangtsi on May 23rd, routing the enemy on the way.

The Japanese units which advanced in the region south of Hsuchow via Watzekow and Hsiaohsien pushed west of the steel "dragnet," reached the area east of Hsiaohsien on May 21st and the area east of Suichikow on May 22nd, cleaning up the remnants of Chinese troops.

The detachment which took Suhsien drove north along the area west of the "net" and dispersed the remnants of Chinese troops near Tsailitsi and Suhsien.

The Northern Force in Southern Shantung

The Japanese northern force which drove south across the Grand Canal from the district west of Taierhchwang reached the area east of Liuchuan on May 19th and entered Hsuchow on May 21st, routing the enemy on the way. Since then this force has been engaged in clearing the Hsuchow area of the remnants of Chinese troops.

Another Japanese northern column which pushed south across the Grand Canal from the area east of Taierhchwang reached the district southwest of Tushanchen on May 19th. This column advanced to the line between Chulan and Kungshantsi on May 21st, dispersing the enemy on the way.

It is now conducting a campaign against the remnants of Chinese troops in the area east of the Japanese encircling line.

Another northern column which crossed Weishan Lake and participated in the reduction of Hsuchow pushed south along the area west of the Japanese steel "dragnet" and reached Yungcheng on May 22nd. It achieved splendid success in dealing with the remnants of Chinese troops. On May 23rd, it dealt a crushing blow to the Yunnanese and other Chinese troops, about seven divisions strong, which were fleeing westward. The enemy suffered heavy losses. The bodies found after the Japanese cavalry charge alone totalled about 400. Arms and ammunition captured by the Japanese reached large figures.

The Northern Force in Western Shantung

The enemy apparently was planning to hold Lanfeng and Kaifeng, falling back on the strong defence works along the line from Lanfeng to Kaoyangtsi via Kihsien, south of Lanfeng.

Generalissimo Chiang Kai-shek sent four or five divisions of fresh central troops to Lanfeng from Hankow as reinforcements, including mechanized units and heavy artillery battalions. About twenty divisions of Chinese troops were thus deployed along the Lanfeng sector in an attempt to check the further advance of the Japanese forces. General Cheng Chien, commander-in-chief of the Chinese first line, was taking personal command of the Chinese forces in this sector. On May 21st, all the Japanese forces started a general offensive on the Chinese troops.

The Japanese column which drove south from Tsining in western Shantung Province swung west on May 19th when it approached Hsuchow, after dislodging the Chinese troops from Chiulishan, northwest of Hsuchow.

On May 22nd, this column broke through the enemy position near Wangko, about 10 kilometres east of Tangshan on the Lung-Hai Railway. On May 23rd, it captured Tangshan. Part of this column took Yucheng at dawn, May 26th, routing the enemy composed of the 24th division and the Chinese troops which had fled from Tangshan.

The main body of the column, pressing back the enemy, reached Mamutsi on May 25th and launched an attack on Kweiteh on May 26th.

On the following day, it routed about 15,000 Chinese in the area southeast of Kweiteh after fighting until evening. On May 28th, it advanced to the area southwest of Kweiteh and pushed northwest by defeating a Chinese division which approached from the north. Toward evening, the Japanese column reached Kwanyintang, about 12 kilometres northwest of Kweiteh.

Part of this column attacked the enemy positions near the railway station at Kweiteh (Shangkiu) on the morning of May 28th. The following morning, it broke through the enemy positions and reached Wanglu, about 8 kilometres northwest of Kweiteh.

Another part of the Japanese column attacked Kweiteh from the east and successfully stormed the East Gate of the city at 5:30 a.m., May 29th. At noon, the Japanese occupied Kweiteh completely.

After clearing the town from the remnants of Chinese troops, the Japanese kept up their western drive in pursuit of the retreating enemy. On the evening of May 30th, they routed about 500 Chinese soldiers armed with trench-mortars south of Liuhotsi. On May 31st, they advanced to the area southeast of Kihsien, on which they launched an attack on June 1st.

After breaking through the Chinese positions south of Yangkutsi, the Japanese pressed hard on the area southwest of Lanfeng. On May 21st, the Japanese left column took Tsienlutsun and Chaotaoying (about 20 kilometres west of Lanfeng), thus cutting off the western retreat of the Chinese troops. This Japanese force dealt crushing blows to Chinese troops which tried to flee west from Lanfeng or to advance east toward Lanfeng, from the night of May 21st to May 23rd.

On May 23rd, part of the Japanese left column occupied Chenliukow, the ferry-point on the southern bank of the Yellow River northwest of Lanfeng. The following day, the Japanese occupied Lanfeng. A Japanese cavalry force entered Lanfeng from the west gate and the Yokoyama detachment entered by the north gate.

A strong body of Chinese troops offered stubborn resistance in the area east of Lanfeng even after the fall of Lanfeng, but it was routed by the Japanese after hand-to-hand fighting.

The extreme right column of the Japanese northern force which drove south from western Shantung Province encountered about 30 Chinese tanks or armoured cars in its southern drive from the Yellow River to Lanfeng. It destroyed 1 armoured car, 10 light tanks of Vickers manufacture and captured 1 baby tank and 2 light tanks of British make. The enemy left more than 20,000 dead and enormous quantities of rolling-stock, arms and ammunition. This column occupied Lanfeng on May 24th.

The Fall of Kaifeng

The Japanese forces then turned their attention to Kaifeng, where a large body of Chinese troops, about 20 divisions strong with central troops as the nucleus, were concentrated. At 10 a. m., June 2nd, the Japanese forces started a new offensive.

The Chinese force which confronted the Japanese right wing was about 2,000 strong, belonging to the 22nd, 46th and 101st divisions. It fled westward before the fierce Japanese attack, leaving a large number of dead on the field.

Pressing back the enemy, the Japanese forces steadily drove west. On the evening of June 4th, they reached the line between Tamenchai and Hsinglungtsi, about 12 kilometres east of Kaifeng. The following day, they pressed hard on Kaifeng, which they started to storm shortly after nightfall.

Heavy artillery fire was concentrated on the North and East Gates, and the northeastern salient of the wall at 6 o'clock that evening. The Kashima unit of the Toyama detachment occupied the salient at 8:25 o'clock.

The other Japanese units which were battering Kaifeng from the north and due east also entered the walled town. All remnants of Chinese troops in the town were eradicated during the morning of June 6th. The com-

mander of the Japanese forces made a triumphant entry into Kaifeng at 2 o'clock in the afternoon.

The Chinese troops which attempted to defend Kaifeng were the 141st, 142nd and 34th divisions under General Shang Chen. They left a large number of dead, while the Japanese casualties totalled 47 killed and 125 injured.

Part of the Japanese forces then gave running fight to the enemy and at dawn, May 7th, occupied Chungmow, halfway between Kaifeng and Chengchow. The Chinese troops started retreating from Chengchow, the junction of the Lung-Hai and Peking-Hankow Railways, toward Loyang.

A Japanese detachment which approached Kihsien on June 1st encountered about 2,500 Chinese troops, which were routed in a westward direction, leaving about 300 dead.

Part of this detachment attacked Kihsien, while its main body kept up the western drive. On June 3rd, it occupied Tunghsu. The following evening it took Weitze practically without resistance. The Peking-Hankow Railway is now only 32 kilometres away. Kihsien also fell into Japanese hands on the evening of June 3rd.

Part of the Japanese forces attacked Chinese troops about one division strong south of Liuho Station on the Lung-Hai Railway on June 2nd and repulsed them the following day. They occupied Lihotsi that afternoon. The Chinese numbered about 6,000 men belonging to the 74th division, armed with over a dozen field guns and trench-mortars. The enemy left some 400 dead, while the Japanese casualties totalled about 100.

Another Japanese unit dislodged the Chinese troops from their positions near Tienlingchai, northeast of Kihsien on June 2nd. It also encountered Chinese troops, about six battalions strong, moving from the north and routed them westward. The enemy left about 200 dead.

The Japanese on June 3rd, gave running fight to the retreating enemy and reached the area south of Chenliu via Shihyuan, north of Kihsien, toward evening. On June 5th, they entered Chuhsien, which is halfway between Kaifeng and Weihsien. On June 6th, the main body of this force reached the area southwest of Kaifeng and cooperated with the Japanese troops which reduced Kaifeng in dealing with the Chinese troops which were fleeing west from Kaifeng.

Hwainan Railway is Occupied

The Japanese detachment which drove west along the Hwainan Railway kept up its western drive after occupying Chaohsien. By dislodging the Chinese troops from the Hwangshan area, this detachment, on the evening of May 13th, reached the line between Tienpu and the right bank of the Fei River south of it. On May 14th it occupied Luchow (Hofei), an important town on the Hwainan Railway. In these engagements, the enemy left some 2,000 dead, while the Japanese casualties totalled about 60.

In concert with this detachment, another Japanese force which guarded the western side of the Japanese encircling line round Hsuchow swung south and reached Peikiao on the southern bank of the Hwai River, halfway between Showhsien and Hwaiyuan on June 3rd. The following

evening, this force reached a point about 4 kilometres east of Showhsien, while part of it advanced south of Showhsien, by crossing Wafow Lake. Showhsien fell into the hands of this force on June 5th.

The enemy in this sector was composed of several divisions, including the 173rd, 174th, 31st and 130th.

Part of the Japanese forces which took part in the Hsuchow battle turned south and reached the area north of Fengtai and immediately advanced on the left bank of the Hwai River. At 5 o'clock p.m., June 4th, it crossed the Hwai River near Shwangkiaotsi (about 3 kilometres northeast of Chengyangkwan) and intercepted the highway between Showhsien and Chengyangkwan.

It immediately drove on Chengyangkwan and reached the eastern side of Chengyangkwan on the evening of June 5th. At 12:25 a.m., June 6th, it occupied the East Gate of Chengyangkwan and completely occupied the walled town before daylight, driving away the Kwangsiite troops, composed of the 131st and 135th divisions.

By occupying the Hwainan Railway and the strategical point of Chengyangkwan, the Japanese forces established a position menacing the flank of the Chinese defence line round Hankow.

Activities of the Military Air Force

The Japanese military air force in concert with the naval air force cooperated closely with the ground forces when the Japanese troops started an encircling movement round Hsuchow. It was remarkably active in conducting reconnaissance flights, establishing liaison, and supplying the ground forces with arms, ammunition and provisions.

In addition to conducting reconnaissance flights and establishing liaison, the military air force cooperated with the ground forces by bombing the Chinese military establishments and troop concentrations, thus facilitating the latter's swift movements.

The Shansi and Peking-Hankow Railway Fronts

The Japanese garrisons in Shansi Province are active in maintaining peace and order, by dealing drastically with remnants of Chinese troops. Presuming that the Japanese had withdrawn some troops from Shansi toward Hsuchow, the Chiang Kai-shek Administration sent a large force of well-equipped central troops to Shansi, but they were repulsed by the Japanese garrisons.

The Japanese garrison at Puhsien, the southern terminus of the Tatung-Puhsien Railway, was enveloped by a large body of Chinese troops on May 2nd, but succeeded in repulsing them with the arrival of reinforcements. The enemy fled toward Sihsien on May 7th. In this engagement which lasted for a week, the enemy whose numerical strength was estimated at 15,000 left 500 dead, while the Japanese casualties totalled 19 killed and 160 wounded. The enemy belonged to the Chinese 61st, 65th, 71st and 72nd divisions.

On May 6th, about 10,000 Chinese soldiers crossed to the left bank of the Yellow River near Wuwangtu and invaded Shansi Province, but were repulsed by the Japanese garrisons. The enemy fled to the right bank of the Yellow River.

The Japanese garrison at Lishih in western Shansi Province was repeatedly attacked by Chinese troops, but repulsed them every time. The Japanese garrison on May 6th attacked about 2,000 Chinese belonging to the 61st division which had taken up positions north of Lishih and routed them after hand-to-hand fighting.

The Kanamori detachment attacked the Chinese troops which had entrenched themselves at a point about 5 kilometres east of Lishih and drove them northward on May 22nd after fighting for nine hours. The enemy left about 400 dead.

The Japanese garrison at Chungyang in western Shansi was repeatedly attacked by 4,000 Chinese under General Wang Ching-kuo after April 26th, but repulsed them on May 5th, in cooperation with Japanese reinforcements sent from Lishih.

On May 16th, the Japanese garrison stormed the Chinese independent 2nd brigade, about 5,000 strong, and dispersed it. The enemy left 87 dead, 2 mountain-guns, 4 machine-guns, 3 light machine-guns and a large quantity of ammunition.

The Japanese garrisons at Kuwo and Howmachen in southwestern Shansi started an attack on a large force of Chinese troops armed with 12 tanks on May 12th. The enemy was repulsed on May 14th, but fighting in the suburbs still continued. The Japanese reinforcements which dashed from Sinkiang and Linfen encountered superior forces of Chinese troops on the way, but the situation developed in favour of the Japanese on May 18th. The Japanese dispersed the enemy west of Howmachen and near Shihtsunchen on May 19th.

The Chinese losses are estimated to have reached enormous figures. In the engagement with the Nakamura detachment near Kuwo on May 18th, the enemy left 1,600 dead.

The enemy near Kuwo still held the height on the southern bank of the Tsang River where it offered stiff resistance, while the enemy near Howmachen received further reinforcements from the south. On May 22nd and 23rd, the Japanese garrisons started attacks on the enemy positions west and northwest of Howmachen respectively.

The railway was interrupted near Linfen in southwestern Shansi, but it was re-opened to traffic on May 21st.

Several hundred Chinese soldiers counter-attacked the Japanese at Sinkiang and Yungcheng on May 17th and 18th, but were immediately repulsed by the Japanese garrisons.

The Japanese garrison at Sinhsien in northern Shansi dispersed about 1,000 Chinese soldiers on May 4th and advanced on Tingsiang. On May 6th, this garrison routed some 1,700 Chinese soldiers, belonging to the newly-organized 2nd division. The enemy left 330 dead, while the Japanese casualties totalled 1 killed and 5 injured.

The Japanese garrison at Tamengchen, about 24 kilometres southwest of Sinhsien, attacked about 300 Communist soldiers who had been engaged

in guerilla warfare and dispersed them. The enemy left about 50 dead.

The Japanese garrison at Hwaiking in northern Honan Province attacked about 6,000 Chinese which had taken up positions in the area southwest of Hwaiking and dealt them an overwhelming blow. The enemy fled toward the south and west, leaving about 800 dead, 4 trench-mortars, 4 heavy guns, 2 light machine-guns, 300 rifles, and large quantities of ammunition. The Japanese losses totalled 14 killed and 85 injured.

The garrison on May 19th engaged about 1,500 Chinese soldiers belonging to the 166th and the 8th route army near Hwaiking and in villages on the Tsin River and routed them. The enemy left about 200 dead.

The Japanese garrison at Wuan in northern Honan Province at dawn, May 9th, made a surprise attack on about 2,000 Communist regulars at a point about 20 kilometres south of Wuan and dispersed them. The enemy left about 250 dead, while the Japanese casualties totalled only 2 killed and 15 injured.

At dawn, May 22nd, this garrison again stormed the stronghold of about 600 bandits nearby. The bandits fled, leaving 220 dead.

The Hashidate detachment on May 19th attacked about 1,000 Communist soldiers at Jenhsien in Hopei Province and dispersed them. The enemy left about 100 dead. The Japanese casualties totalled 6 killed and 15 injured.

The Japanese garrison at Weihsien, border-town between Hopei and Shantung Provinces, was counter-attacked by a strong body of Chinese troops on May 10th, but Lieutenant Miyoshi, commander of the garrison, at the head of his men succeeded in routing them. The enemy casualties are conservatively estimated to have reached 600, including 263 killed in a bayonet charge. The Japanese capture included 100 rifles, 6 light machine-guns and a large quantity of ammunition. The outcome of the engagement struck terror into the Chinese guerilla corps in the Weihsien district.

The Japanese garrison at Menghsien 80 kilometres northeast of Taiyuan, capital of Shansi Province, was attacked by about 250 Chinese soldiers on May 16th. The latter were immediately repulsed.

The Inner Mongolian Front

The Communist 8th route army invaded Northeastern Shansi Province during the month of April to engage in sinister activities, whereupon the Japanese forces in Shansi Province lost no time in dealing out heavy losses on every occasion.

On April 12th, some 400 Communist soldiers were defeated near Yangyuan. The enemy left about 150 dead and 60 rifles. On May 6th, about 250 Communist soldiers were routed near Kwangling, leaving about 100 dead. On May 24th, some 500 Communists were defeated. The enemy left about 40 dead.

From early in April to late in May, the Japanese forces engaged Communist troops aggregating about 6,000 men no less than 18 times. The enemy lost about 550 men, 180 rifles and 11 machine-guns, while the Japanese casualties totalled 5 killed and 16 injured.

Chinese troops under Generals Fu Tsoi, Hu Chu-kuo and Men Ping-yo which were defeated by the Japanese forces near Holinkoerh early in May were silent for a time, but succeeded in reorganizing and rallying themselves at Chinshuiho, Lamawan and Siachengwan. They resumed their anti-Japanese operations once more.

The Japanese forces immediately launched a counter-offensive to meet them, advancing from Tokto in the north and Pinglu in the east. On May 29th, the Japanese reached the line between Lamawan and Tahungcheng and also the area east of Chingshuiho.

By breaking through the enemy positions, all the Japanese units massed near Chingshuiho on May 31st and immediately gave chase to the retreating enemy. On June 3rd, the Japanese forces reached the line between Laoniuwan and Shuichuanying.

The Matsuyoshi detachment, which advanced from Chingpingchen to Pienkwan defeated about 800 Chinese soldiers near Chihopu on May 31st. On June 2nd, this detachment attacked about 1,000 Chinese which had taken up positions near Laoyingpu. After encountering and defeating troops under General Ho Chu-ko which had been moving south, the Japanese detachment succeeded in occupying Laoyingpu and its vicinity by noon on June 3rd.

THE SITUATION IN CHINA

II

—FORCES OF THE IMPERIAL NAVY IN ACTION—

PUBLICITY BUREAU, NAVY DEPARTMENT

Cooperation with the Army in the Battle of Hsuchow

The Japanese Naval Air Force played an active part in the battle of Hsuchow, cooperating with the military forces which successfully carried out an encircling movement round that city. An outline of the activities of the Naval Air Force is given below.

May 2nd Naval air units reconnoitred the eastern section of the Lung-Hai Railway and effectively bombed troop trains near Fofeng and troop concentrations near Sunkiatien and Shihlimiao.

May 3rd Naval air units attacked Hsuchow and bombed godowns and tracks at the railway station there.

May 4th Several naval planes visited Chiehhsien, Hsuchow and Kweiteh on the Lung-Hai Railway and the intermediate stations between them and bombed military establishments, railway tracks and goods waggons.

May 5th Suhsien, Kuchen and Mengcheng were visited, where troop concentrations and munition depots were bombed. The Japanese also bombed the Chinese headquarters at Kuchen.

May 6th Troop concentrations at Tancheng in southern Shantung Province were attacked.

May 7th In cooperation with the Japanese military operations in southern Shantung Province, naval air units visited Yunho, an important station on the eastern section of the Lung-Hai Railway, and effectively bombed goods waggons, munition depots and troop concentrations there.

May 8th Suhsien, Fengtai and Fowning were raided ; railway stations, military goods waggons, troop concentrations, military positions and other military establishments were bombed.

Other air units flew over Yunho, a strategic point east of it and Kanyu, a town at the northeastern extremity of Kiangsu Province, and bombed the military establishments there.

May 9th Munition dumps, troop concentrations and troop trains at Suhsien, Sinanchen and Yunho were thoroughly bombed.

May 10th Hsuchow and surrounding districts were raided twice, where military establishments, military goods waggons and munition dumps were bombed.

May 11th Several naval air units visited Suhsien and Kuchen in the southern section of the Tientsin-Pukow Railway and bombed military freight trains between them.

May 12th Naval planes, in cooperation with the ground forces along

the southern section of the Tientsin-Pukow Railway, attacked the enemy. They made three raids on Hsuhsien and effectively bombed the railway station, tracks, munition dumps and troop concentrations there. Mengcheng was also visited and the troop concentrations south of it were repeatedly attacked, while other naval air units visited Chuhsien in southeastern Shantung Province and bombed the troop concentrations there.

May 13th Over 70 naval planes under command of Lieutenant-Commander Tanamachi visited Hsuchow and showered bombs at the military establishments, including freight trains, munition dumps, railway tracks and the North Station. As the result of the Japanese bombing, fires broke out at several points in Hsuchow.

Another naval air unit commanded by Lieutenant Iwaki raided Yunho Station and bombed the station buildings and goods waggons there.

May 14th Naval air forces led by Lieutenant Shibata and Sub-Lieutenant Ikegami flew over Suhsien and bombed the military establishments and troop concentrations there, as the result of which fires were started at over a dozen places in the town.

Over a dozen naval planes led by Lieutenant-Commander Sonokawa with Lieutenants Kobayashi, Murata and Takahashi visited Kuchen and bombed enemy positions.

Another naval air unit visited the eastern section of the Lung-Hai Railway bombing military freight trains and locomotives.

May 15th A naval air detachment led by Lieutenant-Commander Suzuki raided Tangshan on the Lung-Hai Railway and attacked the troop concentrations in and around the town. This detachment bombed and destroyed the Tangshan airfield. It also attacked a large force of Chinese troops fleeing westward at a point east of Hsuchow. The Chinese positions between Suhsien and Kuchen were also attacked.

About 30 naval planes led by Lieutenant Takahashi visited Kuchen and bombed troop concentrations there.

May 16th A naval air unit led by Lieutenant Morinaga visited Hsuchow and attacked the enemy positions in a hilly district east of Hsuchow, inflicting severe damage. Another unit commanded by Lieutenant Shibata also visited Hsuchow and attacked the troop concentrations at Kangcheng, east of Hsuchow, causing heavy losses.

A naval air detachment commanded by Lieutenant-Commander Sonokawa attacked troop trains on the Lung-Hai Railway and troop concentrations along the railway zone, while naval air units led by Lieutenant Murata and Sub-Lieutenant Satoh attacked the enemy positions at Tamiao including a group of tanks near there. Naval air units led by Lieutenant Takahashi and Sub-Lieutenant Takaoka attacked troop concentrations in the area west of Mengcheng and the naval air unit commanded by Lieutenant Iwashiro attacked the enemy positions along the Grand Canal, dealing them a heavy blow. Sustained attacks were also made on Suhsien and other important Chinese positions along the Lung-Hai and Tientsin-Pukow Railways.

May 17th Troop concentrations east of Hsuchow were attacked despite the foul weather, and heavy damage was inflicted on the enemy.

May 19th The last day of Hsuchow arrived. The city fell before the Japanese onslaught. The scene then changed and Japanese forces, both

land and air, started pursuit of the enemy which was fleeing in disorder from Hsuchow. The Japanese naval air force was also active in attacking the fleeing enemy.

May 21st Naval air units were active all day, cooperating with the ground forces in attacking Chinese troop concentrations southeast of Hsuchow.

May 22nd Naval air units assisted the ground forces in clearing the area north of Hsuchow from the remnants of Chinese troops. Attacks were also made on the Chinese positions in the villages northeast of Pengpu. Sustained attacks were made on the Chinese troop concentrations at Holiutsi and the area west of it.

May 23rd Repeated attacks were made on the Chinese retreating from the direction of Hsuchow. Naval air units attacked junks carrying Chinese troops on Lake Hungtse and the Grand Canal and sunk many of them.

Chinese troop concentrations at Kwoyang and vicinity were bombed effectively, while enemy troop concentrations in the area south of Mengcheng and also at Panpuchen and Hsukow were attacked.

May 24th Naval air units visited Hwaiyin, Hwaian and Yingchow and attacked remnants of the Chinese troops which had found their way into those towns. Attacks were also made on the Chinese troops which had taken up positions at Wuhu, Szeyang and other places near Lake Hungtse and on about 5,000 Chinese at Tashahochen west of Haichow, the eastern terminus of the Lung-Hai Railway.

May 25th Over 40 Japanese naval planes visited Hwaiyuan, Fengtai and Yingchow and attacked troop concentrations there, inflicting heavy losses.

May 26th A large force of Chinese troops was sighted fleeing to the area north of Liuho from the direction of Hsuchow, whereupon about 70 Japanese naval planes attacked them continuously. Over 20 villages in which the enemy had established positions were also attacked. Losses sustained by the enemy are estimated to have been very heavy.

Chumatien in southern Honan Province on the southern section of the Peking-Hankow Railway has been used by the Chinese armies as a base of operations. Consequently, the Japanese Naval Air Force repeatedly attacked it.

May 21st Over 30 Japanese naval planes led by Lieutenant-Commander Suzuki and Lieutenant Aioi visited Chumatien and dropped over 200 bombs on the railway station and munition dumps there. Forty goods waggons were destroyed; gasoline tanks and munition dumps in the railway compounds were burnt.

May 23rd Over 20 Japanese naval planes again visited Chumatien and bombed the airfield, fuel depots and gunpowder dumps there, with the result that fires were started at several points in the town which was enveloped in murky smoke.

May 25th A naval bombing squadron led by Lieutenant-Commander Mano visited Nanyang in southwestern Honan Province and bombed the airfield and gasoline tanks there, which were burnt. Not a single Chinese plane challenged the Japanese raiders.

Occupation of Lienyunchiang

Closely following the reduction of Hsuchow by the Japanese military forces, a Japanese marine force made a surprise landing at Lienyunchiang and occupied this port town, the eastern terminus of the Lung-Hai Railway.

May 20th Covered by warships and naval aeroplanes, a powerful body of Japanese marines effected a landing at Tunglien Island and Lienyunchiang in face of the enemy on the morning of May 20th. Dislodging the Chinese from positions where they offered stiff resistance, the marine force occupied the port town by nightfall.

Within two days after their landing, the Japanese marine force succeeded in clearing Lienyunchiang and its vicinity of Chinese troops and immediately started work on the repair of wharfs and other port facilities destroyed by the enemy. Emergency wharfs have already been put into commission.

The enemy left about 100 dead in retreating from Lienyunchiang. Losses suffered by the enemy as the result of bombardments by Japanese warships and bombing by Japanese naval planes totalled enormous figures.

May 23rd The Japanese marine force attacked enemy positions between Sunkiashan and Peikushan at noon, inflicting heavy damage on them. The Japanese Naval Air Force in concert with the ground forces made sustained attacks on the retreating Chinese troops.

May 25th Japanese naval air units repeatedly attacked the Chinese troop concentrations in and round Haichow.

May 28th Haichow and its vicinity were again visited where Chinese military positions were effectively bombed.

May 29th Japanese naval air units visited the area west of Haichow and either bombed or machine-gunned Chinese troop concentrations there and in the neighbouring villages.

May 30th The area north of Haichow which was infested by remnants of Chinese troops was visited.

Capture of Amoy Island

Amoy has been one of the major bases of anti-Japanese operations for the Chinese National Government. Amoy is separated from Formosa by a narrow strip of water. It is an important port in Fukien Province, conducting brisk trade with foreign countries. The Japanese navy occupied it at dawn, May 10th.

A large number of Chinese who are actively engaged in trade and other business in foreign countries come from Amoy. Therefore, the fall of that city has dealt a severe blow not only to the Nationalist Government but to Chinese abroad, who have been generously supplying their Government with war funds. Many Japanese nationals, especially Formosans, resided at Amoy before the outbreak of the China Affair, but their property had been confiscated by the Chinese authorities, while some of them were executed by firing-squads as spies.

May 10th A strong body of Japanese marines effected a landing at dawn on the eastern shore of Amoy Island in face of the enemy, covered by warships and aeroplanes. The Japanese authorities did everything in their

power to protect the lives and property of the nationals of third Powers and also of peaceful Chinese people. But the Chinese troops which had hitherto frequently used educational and religious institutions for military purposes established strong defence works in the compounds of Amoy University, which the Japanese air force bombed effectively, inflicting heavy losses on the enemy.

May 11th The Japanese marine force broke through the enemy positions at noon and entered Amoy City ; at 6 o'clock, the same evening, it occupied the entire town together with the compounds of Amoy University, where the enemy had taken up positions. Attacks were immediately started on the forts at Paishih, Hulishan and Panshih. Panshih Fort was reduced during the night, while Hulishan Fort was taken at 9 o'clock, the following morning.

Japanese naval air units attacked caravans of Chinese military motor-cars and motor-lorries on the continent. They also visited Lungyen and Changting, Foochow and Kienow in Fukien Province and Tienho and Pokwan near Canton, bombing the airfields and dealing heavy damage to the hangars and other installations.

May 12th Hulishan Fort was taken in the morning. All key points on Amoy Island were occupied during the day, while a clean-up campaign was started against the remnants of Chinese troops which fled into the mountainous region.

May 13th Several naval air units effectively bombed Tapanchiao Fort on the mainland, opposite Amoy.

May 14th A Japanese ground force crossed to the island and occupied Tapanchiao Fort, which was then dismantled.

Traffic on the Canton-Hankow Railway is Disrupted

The Japanese Naval Air Force is disrupting the Canton-Hankow Railway, the last defence line of the Chinese Nationalist Government, with sustained attacks. Frantic efforts are being made by the enemy to reorganize and strengthen the military establishments along the railway and also at Canton and Hankow, the terminal points.

May 2nd Pakonghow was visited and goods trains and railway tracks north of it were bombed.

May 4th All railway stations south of Shiuchow were visited ; military establishments and steel bridges were bombed.

May 6th The Japanese Naval Air Force devoted its attention to Yingtak and the surrounding district on the Canton-Hankow Railway, where railway stations, railway tracks, steel bridges, godowns, goods trains and junks near wharves were bombed effectively.

May 7th Wongshek and Pakonghow were visited. Military freight trains and railway tracks were bombed near Wongshek and the military arsenal and anti-aircraft batteries near Pakonghow were attacked.

May 8th Railway tracks and munition depots south of Pakonghow were attacked.

May 12th Naval air units made surprise attacks on the airfields at Tienho and Pokwan near Canton, where not a single Chinese plane challenged them.

May 13th Pakonghow was raided again. Railway tracks and goods trains south of it were bombed. Sheklung Station on the Canton-Kowloon Railway was attacked; station buildings and railway tracks were destroyed. A night raid was made on the airfield at Tienho where the hangars and military barracks were bombed.

May 14th Several railway stations south of Shiuchow were attacked and bombs were dropped on station buildings, military freight trains and railway tracks. Military trains and railway tracks near Saitsun were also bombed and damaged, while Kungyifow on the Sunning Railway was visited and bombed.

May 15th Several naval air units visited Pakonghow and bombed the military arsenal there. Several bombs hit the arsenal. The local anti-aircraft batteries were also attacked, while the sidetracks in the railway compounds and several military freight trains were bombed and damaged. A night raid was made on the airfield at Tienho, near Canton.

May 16th Shatsun on the Canton-Kowloon Railway was visited where military trains were attacked, while junks carrying munitions near Samshui were also bombed. The airfield at Pokwan near Canton too was attacked and various installations there together with the military barracks were bombed and damaged.

May 17th Several points between Yingtak and Shiuchow on the Canton-Hankow Railway were bombed, while military freight trains were attacked. The hangars and various installations at the Koyiu airfield were bombed and damaged.

May 22nd Wongli Station on the Canton-Kowloon Railway was visited; railway tracks there were bombed and destroyed.

May 25th Japanese naval planes flew over Tungtang Station on the Canton-Hankow Railway south of Pakonghow. The railway tracks there were destroyed at three points. Sheklung Station on the Canton-Kowloon Railway was also visited and station buildings and railway tracks were bombed. Several bombs hit the station buildings, which were burnt.

May 26th Pakonghow was again raided and various points south of it were bombed. Railway tracks south of Pakonghow were disrupted at several points.

May 27th About 40 Japanese naval planes visited the Canton-Kowloon Railway and bombed steel bridges, railway tracks and station buildings there. Two railway bridges were destroyed and the railway tracks were disrupted at over a dozen points.

May 28th A large-scale air attack on Canton was launched. About 30 Japanese naval planes visited Canton and bombed Wongsha Station, the terminus of the Canton-Hankow Railway. Station buildings, godowns and railway tracks were either destroyed or burnt. The Kwangtung Provincial Government buildings and the Chinese military headquarters were also bombed. The Japanese raiders were greeted with fierce fire from the Chinese military positions in and around Canton, but all of them returned to their base safely. Indiscriminate firing by the Chinese anti-aircraft batteries and machine-gun emplacements apparently caused heavy casualties among the Chinese civilians.

May 29th Another group of 30 Japanese naval planes again raided

Canton, and furiously bombed the military establishments there.

Wongsha Station was bombed again, and various establishments in the station compounds including godowns were burnt or destroyed together with goods trains. The aeroplane repair shops in southeastern Canton were bombed and demolished. The Kwangtung Provincial Government buildings and the military headquarters were bombed. The anti-aircraft batteries in the factory zone at Honan, part of Canton, were bombed and virtually destroyed.

Munition factories at Tsengpu, a suburb of Canton were also attacked and the sulphuric acid factory, cement mills and electric power stations were bombed.

May 30th Air attacks on the military establishments in and around Canton were continued despite heavy anti-aircraft fire. Buildings of the Canton Municipal Government, the Kwangtung Provincial Government, the military headquarters and Finance Ministry were bombed. Several bombs hit these buildings, of which the Provincial Government ones were burnt.

The anti-aircraft batteries east of Saitsun were bombed and destroyed. The munition factories of Tsengpu, a suburb of Canton, were bombed and the electric power station, the sulphuric acid factory and cement mills were destroyed, with scores of bombs taking effect. The military arsenal in the northeastern part of Canton was bombed, the shops and godowns of which were burnt.

May 31st Japanese planes raided the Canton-Hankow Railway. Railway tracks at Lohchong and in the mountain defile north of it were bombed. The line was disrupted at fourteen points, while in one place a cliff collapsed burying the tracks. Part of the station establishments at Lohchong was burnt.

One Japanese naval air unit visited Canton and attacked the airfield at Pokwan near Canton. The military barracks in the northwestern part of the airfield were bombed and burnt, while the anti-aircraft batteries were bombed and destroyed. Another Japanese naval air unit raided Saitsun and bombed goods trains and railway tracks north of Saitsun.

About 30 Japanese naval planes commanded by Lieutenant-Commander Tokoro visited Hankow, but they were troubled by poor visibility. Nine Japanese planes, led by Lieutenant Yoshitomi, which formed an outer flank of the Japanese squadrons sighted about 50 Chinese planes. Engaging the enemy planes despite heavy odds, the Japanese raiders succeeded in bringing down 20 out of some 50 Chinese planes after a 20-minute combat. All but one of the Japanese planes returned to their base safely.

One Japanese plane which participated in the raid, piloted by Warrant Officer Minami, was disabled with the wings hit by several bullets. It made a forced landing on the Yangtze River, but was rescued by a Japanese patrol boat.

In Central and South China

May 3rd Naval planes flew over Nanling, Fowning and Sihochen south of Wuhu. Chinese troop concentrations were bombed with heavy losses.

May 14th Koyiu in Kwangtung Province was raided and the airfield and munition depot were attacked. The depot exploded and was burnt.

May 15th Changchow, Chaochow and Foochow in Fukien Province were visited and the airfields there were bombed. Not a single Chinese plane challenged the Japanese raiders. The hangars in the airfield at Foochow were destroyed.

May 16th The airfields at Meihsien, Lungyen, Kutien and Kienow were bombed, without opposition from Chinese planes.

May 25th A Japanese naval bombing squadron commanded by Lieutenant Morinaga raided Siangyang in northwestern Hupei Province and bombed the airfield. It also visited Laohokow in northwestern Hupei Province and bombed the airfield there, destroying various installations.

May 26th The Japanese Naval Air Force was active over an extensive area, visiting points in the three provinces of Fukien, Kiangsi and Chekiang.

The airfield at Pucheng in northern Fukien Province was bombed. Two planes on the ground and the runway were destroyed.

Yushan in Kiangsi Province was also visited and the airfield there was attacked, but no Chinese plane challenged the Japanese raiders, who destroyed the runway.

About 10 Japanese naval planes led by Lieutenant-Commander Suzuki visited Nancheng in Kiangsi Province on the afternoon of May 26th and attacked the local airfield. Two Chinese planes on the ground were destroyed. A large building and a hangar in the airfield were bombed and destroyed. The Japanese raiders discovered six dummy planes at the airfield in addition to the two real ones which they bombed and destroyed.

May 28th A Japanese naval air unit visited Kanhsien in Kiangsi Province and attacked the airfield there. One Chinese plane on the ground was bombed and destroyed, while the fuel depot, airfield and runway were bombed. The fuel depot went up in flames.

Another naval air unit raided Kwanghsing in Kiangsi Province, attacking the airfield. No Chinese planes were sighted on the ground, but the runway was bombed and destroyed.

Nancheng in Kiangsi Province was also visited and the airfield there including hangars was bombed and destroyed.

The airfields at Ningpo and Chuki in Chekiang Province was bombed.

May 31st The Japanese Naval Air Force made extended visits to the three provinces of Fukien, Chekiang and Hunan.

Foochow, Pucheng, Kienow, and Yushan in Fukien Province, Lishui, Chuchow and Ningpo in Chekiang Province and Siangtan in Hunan Province were visited; the airfields were attacked. Several godowns at the aerodromes at Lishui, Chuchow, Yushan, Siangtan and Ningpo were bombed and burnt.

LAWS AND ORDINANCES RECENTLY PROMULGATED

PRIME MINISTER'S CABINET

Law Concerning Security Underwriting

(Law No. 54 of March 31, 1938)

THE purpose of this Law is to ensure more adequate control over the underwriters of securities, who play an important part in the money market and in financing growing industrial activities. It places the business of security underwriting on a licence basis and defines clearly the scope of the business. The Law prohibits any company with a capital of less than 2,000,000 yen from conducting this business and authorizes the competent Cabinet Minister to suspend the operations of an existing business when deemed necessary, as well as other measures. Any violation of the Law or of ministerial orders shall be punished by suspension of business, re-election of the officers of companies or cancellation of licences. This Law shall not apply to banks, trust companies and persons legally incorporated under special laws who handle the underwriting of securities.

Law Amending the Law Guaranteeing Employment

(Law No. 61 of April 1, 1938)

This Law is intended to intensify the guarantee of employment for persons called to military service particularly in the present situation. (1) It clarifies the spirit of the regulations on the treatment of employees upon re-employment; (2) it extends the scope of application of the regulations by making them applicable to employers with 30 or more employees; (3) it prescribes additional regulations concerning assistance in obtaining employment for persons relieved of military service who do not come under the original regulations on employment.

Law Concerning Temporary Extension of the Maximum Limit for Issuing Convertible Notes Against Securities by the Bank of Japan

(Law No. 64 of April 1, 1938)

In view of the fact that the note issue of the Bank of Japan is tending to increase in connection with the China Affair, the present Law provides for

the raising of the maximum limit of note issue against security reserves by 700,000,000, from the former 1,000,000,000 yen to 1,700,000,000 yen. This Law is to be annulled within one year after the termination of the Affair.

Law for Agrarian Adjustment

(Law No. 67 of April 2, 1938)

The purpose and details of this Law were explained in No. 9–10 of TOKYO GAZETTE.

Temporary Law Concerning Settlements of Obligations in Rural Communities

(Law No. 69 of April 2, 1938)

This Law is an extension of the Law Concerning Adjustments of Obligations in Rural Communities. It provides for a temporary system for settlements of such obligations. Debts contracted by families of persons killed or wounded in the China Affair must be attended to in order to hasten economic rehabilitation in rural districts. The Law prescribes (1) easy methods for settling debts of families directly affected by the Affair; (2) the creation in each prefecture of a temporary committee for settlement of such debts. This committee takes the place of the one previously organized by local bodies and endeavours to ease the terms of such indebtedness. The Law provides (3) authorization to the prefectural committee to increase the rate of indemnity against losses that may result from the special advance of funds to be used in the adjustment of the said indebtedness.

Law Concerning Increase of Production and Control of Distribution of Sulphate of Ammonia

(Law No. 70 of April 2, 1938)

The growing consumption in Japan of sulphate of ammonia renders it necessary to increase production and to control distribution. In order to encourage production by private enterprises, the Law prescribes various protective measures to be put into operation for the next five years. Any person setting up a new plant or extending existing ones for the manufacture of sulphate of ammonia shall enjoy, for a stated period, exemption from various taxes including import duties on machines and tools. Manufacturers shall be granted special permission to increase their capital even before the original capital is fully paid up and to increase the maximum limits of their debenture issues. When deemed necessary, manufacturers,

the Japan Sulphate of Ammonia Company in particular, shall be ordered to increase production in order that the country may be self-sufficient in the supply of this chemical article. The Law also provides for the creation of the Japan Sulphate of Ammonia Company with a capital of 10,000,000 yen. The company shall be authorized to issue debentures guaranteed by the Government in respect of payment of principal and interest. The business of the company shall be to undertake the control of distribution of sulphate of ammonia and to manufacture and otherwise to secure it. Operations of the company shall be under governmental direction and supervision.

Law Concerning Adjustment and Coordination of the Transportation Business

(Law No. 71 of April 2, 1938)

With its rapid growth in recent years, the overland transportation business in many instances shows a lack of coordination, leading to promiscuous competition. This Law is intended to adjust this state of affairs, removing waste and inconveniences and hastening the healthy development of the companies concerned. When the competent Minister intends to control and coordinate the traffic companies, including local railways, tramways, motor services and other allied companies, as is designated by Imperial Ordinances, he shall, on the recommendation of the Transportation Adjustment Commission, determine the scope of the adjustment, the kind of business to be subjected to coordination, and the adjustment and disposition of the auxiliary industries. The Minister shall thereupon advise owners to combine or create companies, or shall order other steps to be taken. The owners shall, upon receipt of such advices or orders, enter into agreements among themselves, subject to official approval and carry them into effect. In the event of any difficulty arising in the prosecution of the terms of the agreements, the matter may be submitted to the arbitration of the competent Minister. When the parties concerned are not satisfied with the results of the arbitration, the matter shall be decided, on application, by the courts.